REPUBLIC OF KENYA

COUNTY GOVERNMENT OF LAIKIPIA

DRAFT COUNTY FISCAL STRATEGY PAPER (CFSP)

2027

INCLUSIVE ECONOMIC GROWTH, WEALTH CREATION AND JOB OPPORTUNITIES IN LAIKIPIA

November 2026

COUNTY VISION AND MISSION

Vision

An inclusive county with sustainable quality life.

Mission

Facilitate integrated socio-economic development for the people of Laikipia

Core Values

Synergy

Integrity

Mutual accountability

Servant leadership

Efficiency and effectiveness

Passion

FOREWORD

The County Fiscal Strategy Paper (CFSP) for the FY 2027/2028 sets out the County Government's fiscal policy objectives, strategic priorities and resource allocation plan that will guide in the preparation of the expenditure framework in the medium-term.

This paper has been prepared in consideration of the prevailing economic environment and the national fiscal policy direction as articulated in the National Treasury's 2027 Budget Policy Statement. It also takes cognizance of the constitutional principles of public finance, particularly equity, transparency, accountability, public participation and prudent utilization of public resources.

The County projects a total resource envelope of KSh 8.04 billion in FY 2027/2028 (without conditional grants). Given the competing demands for limited resources, the County will pursue a prudent and disciplined approach to expenditure prioritization, maintaining and ensuring that basic and essential services are provided, addressing transition-related requirements and ensuring equitable allocation of resources in line with the recommendations of the CRA.

The County will also remain committed to observing the fiscal responsibility principles under the Public Finance Management Act, 2012, particularly maintaining a sustainable balance between recurrent and development expenditure, controlling personnel costs and enhancing efficiency in public spending.

The preparation of the medium-term expenditure framework will be guided by a consultative process involving residents and other stakeholders through public participation forums. The views and proposals received will inform resource allocation decisions, considering available resources, statutory obligations and the County's development priorities.

I call upon all County departments and stakeholders to support this fiscal strategy through effective participation, planning, prudent resource management and accountability in the utilization of public funds. Together, we can ensure that available resources translate into improved service delivery and sustainable development for the people of our County.

COUNTY GOVERNMENT OF LAIKIPIA
COUNTY TREASURY
20 NOV 2026
COUNTY EXECUTIVE COMMITTEE MEMBER
SIGN:.....

Samuel Wachira Gachigi
County Executive Committee Member
Finance, Economic Planning and County Development.

CamScanner

ACKNOWLEDGEMENT

The preparation of the County Fiscal Strategy Paper for the FY 2027/2028 has benefited from the contributions and support of various stakeholders within and outside the County Government.

We acknowledge the National Treasury for providing the national fiscal policy direction through the 2027 Budget Policy Statement, which has informed the development of this paper.

Special appreciation goes to the H.E. the Governor, H.E the Deputy Governor, County Executive Committee Members led by CECM responsible for Finance and Economic Planning for the leadership and guidance provided during the preparation process. We also recognize the support of the County Secretary, Chief Officers, departmental heads and technical officers for their valuable inputs in identifying sector priorities and resource requirements.

We further appreciate the role of the County Assembly, the Commission on Revenue Allocation and other relevant institutions in promoting sound public financial management, equitable resource allocation and accountability.

Our sincere appreciation also goes to the residents of the county, civil society organizations, the private sector, development partners and other stakeholders whose contributions through the public participation process will enrich the County's budget priorities and resource allocation decisions.

Finally, we commend the technical team in the Directorate of Budget for coordinating, consolidating and reviewing the inputs that informed this paper.

The County Government remains committed to strengthening collaboration, transparency, accountability and public participation in the management of public resources for improved service delivery and sustainable development.

COUNTY GOVERNMENT OF LAIKIPIA
CHIEF OFFICER
20 NOV 2026
FINANCE

Daniel Ngumi
Chief Officer,
Finance, Economic Planning and County Development.

CamScanner

ABBREVIATIONS AND ACRONYMS

AI	Artificial Intelligence
AIA	Appropriation In Aid
AFC	Agricultural Finance Corporation
BPS	Budget Policy Statement
CBEF	County Budget and Economic Forum
CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
CFSP	County Fiscal Strategy Paper
CPSB	County Public Service Board
CRA	Commission on Revenue Allocation
COMS	County Operations Management Systems
CSA	County Statistical Abstract
DANIDA	Danish International Development Agency
EAC	East African Communities
ECDE	Early Childhood Development Education
e-GP	Electronic Government Procurement
ESP	Economic Stimulus Programme
FY	Financial Year
FOLAREP	Forest and Landscape Restoration Implementation Plan
GDP	Gross Domestic Product
GCP	Gross County Product
GHRIS	Government Human Resource Information System
HFIF	Hospital Facility Improvement Fund
ICT	Information and Communication Technology
IPPD	Integrated Product and Process Development
IPSAS	International Public Sector Accounting Standards
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
KIPPRA	Kenya Institute for Public Policy Research Analysis
LCDA	Laikipia County Development Authority
LCPSB	Laikipia County Public Service Board
LCRB	Laikipia County Revenue Board
LITS	Laikipia Identification and Traceability System
MSME	Micro, Small and Medium Enterprises
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NSE	Nairobi Stock Exchange
NSSF	National Social Security Fund
OCoB	Office of the Controller of Budget
OSR	Own Source Revenue
OECD	Organization for Economic Co-operation and Development
PFMA	Public Finance Management Act
PPP	Public Private Partnership
SRC	Salary and Remuneration Commission

NTRH	Nanyuki Teaching and referral Hospital
NYTRH	Nyahururu Teaching and Referral Hospital
VTI	Vocational Training Institutes
VTC	Vocational Training Centres

Table of Contents

FOREWORD iii
ACKNOWLEDGEMENT iv
ABBREVIATIONS AND ACRONYMS v
Table of Contents vii
LIST OF TABLES xi
LIST OF FIGURES xi
ANNEXURES xi
EXECUTIVE SUMMARY xii
LEGAL AND POLICY FRAMEWORK 13
1.1 Introduction 13
1.2 Legal Basis for the Preparation of the CFSP 2027 13
1.2.1 Constitutional Provisions 13
1.2.2 Public Finance Management Act, 2012 13
1.2.3 County Governments Act, 2012 14
1.2.4 National Policy Framework 14
1.2.5 County Policy Framework 14
1.3 Fiscal Responsibility Principles 15
1.4 Strategic Objectives of County Government Departments and Entities 15
1.4.1 County Coordination, Administration, ICT and Public Service 15
1.4.2 Finance, Economic Planning and County Development 16
1.4.3 Laikipia County Development Authority (LCDA) 16
1.4.4 Laikipia County Revenue Board 16
1.4.5 Medical Services and Public Health 16
1.4.6 Agriculture, Livestock and Fisheries 17
1.4.7 Infrastructure, Lands, Public Works and Urban Development 17
1.4.8 Rumuruti Municipality 17
1.4.9 Nanyuki Municipality 17
1.4.10 Nyahururu Municipality 18
1.4.11 Education, Youth, Sports and Social Services 18
1.4.12 Trade, Tourism and Co-operatives Development 18
1.4.13 Water, Environment, Natural Resources and Climate Change 18
CHAPTER TWO 19
RECENT ECONOMIC DEVELOPMENT AND MEDIUM-TERM OUTLOOK 19

2.1 Introduction....19
2.2 Recent Global and Regional Economic Developments....19
2.3 Domestic Macroeconomic Environment....20
2.4 County Socio-Economic Performance....21
2.5 Agriculture, Forestry and Fishing....23
2.6 Trade, Tourism and Co-operatives....23
2.7 Manufacturing, Innovation and Enterprise Development....24
2.8 Financial Services....24
2.9 Construction, Transport and Storage....24
2.10 Electricity, Water and Sanitation....25
2.11 Health Care Services....25
2.12 Education and Training Services....25
CHAPTER THREE....26
FISCAL FRAMEWORK AND STRUCTURAL MEASURES FOR 2027/2028 AND THE MEDIUM-TERM....26
3.1 Overview of the Fiscal Framework....26
3.2 Review of Fiscal Performance and Emerging Fiscal Pressures....26
3.2.1 Revenue Performance....26
3.2.2 Expenditure Performance....29
3.2.3 Personnel costs....31
3.2.4 Pending bills....32
3.2.5 Cash flow management....33
3.2.6 Recurrent and Development project implementation....34
3.3 Fiscal Policy Objectives and Strategic Direction....35
3.4 Fiscal Responsibility Principles and Compliance....35
CHAPTER FOUR....38
RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION....38
4.1 Introduction....38
4.2 Resource Envelope....38
4.3 Stakeholder engagement and feedback....39
4.4 Sector Priorities and Ceilings....39

4.4.1 County Administration, Public Service and Office of the Governor 41
4.4.2 Finance, Economic Planning and County Development 42
4.4.3 Health and Sanitation.....42
4.4.4 Agriculture, Livestock and Fisheries.....43
4.4.5 Infrastructure and Public Works.....44
4.4.6 Education, Youth, Sports, Gender and social services 44
4.4.7 Trade, Tourism, Co-operatives and Enterprise Development.....45
4.4.8 Water, Environment, Natural Resources 45
4.4.9 Rumuruti Municipality 46
4.4.10 Nanyuki Municipality.....46
4.4.11 Nyahururu Municipality.....46
5.4.12 Legislative Services 46
4.5 Opportunities to be harnessed.....47
4.5.1 Enhanced Resource Mobilization and Revenue Administration.....47
4.5.2 Climate Resilience and Sustainable Natural Resource Management 47
4.5.3 Citizen Participation, Civic Education and Public Accountability 47
4.5.4 Human Resource Capacity Development and Institutional Continuity.....47
4.5.5 Political Transition, Institutional Stability and Consolidation of Development Gains 48
4.5.6 Efficient Public Expenditure Management and Fiscal Sustainability 48
4.5.7 Digital Transformation and Innovation 48
4.5.8 Strategic Partnerships and Intergovernmental Collaboration 48
4.5.9 Private Sector Development and Local Economic Growth 49
RISKS AND MITIGATION MEASURES.....50
5.1 Introduction.....50
5.2 Global and National Risks and Their Mitigations 50
5.2.1 Global economic and financial conditions.....50
5.2.2 National economic and fiscal conditions 51
5.2.3 Changes in macroeconomic assumptions 51
5.3 County Risks and Their Mitigations 52
5.3.1 Uncertainty in national funding.....52
5.3.2 Own-source revenue performance.....52
5.3.3 Expenditure pressure and budget execution.....52
5.3.4 Wage bill and workforce obligations.....53
5.3.5 Cash management and pending bills 53
5.4 Specific Fiscal Risks and Mitigation Measures.....54
5.4.1 Climate, disaster and public health events 54
5.4.2 Public entities, litigation and contingent liabilities 54

5.4.3 Other fiscal and governance risks....54
5.4.4 Risk response principles....55
5.5 Risk Monitoring, Reporting and Accountability....55
5.5.1 Monitoring arrangements....55
5.5.2 Governance, response and disclosure....56
5.6 Conclusion....56

LIST OF TABLES

Table 1: Global Economic Performance 20
Table 2: Kenya Sectoral GDP Performance 21
Table 3: Laikipia Gross County Product by Economic Activity at Current Prices, 2019 – 2024 in (Ksh. Millions) 23
Table 4: County Revenue Performance for FY2024/2025 -2025/2026 27
Table 5: Revenue Realization as at 30th September 2026 28
Table 6: Grants Received as at 30th September 2026 28
Table 7: Comparative expenditure analysis 30
Table 8: Recurrent vote exchequer performance 1st Quarter FY 2026-2027 30
Table 9: Development vote exchequer performance 1st Quarter FY 2026-2027 30
Table 10: Comparative wage bill expenditure analysis for FY 2024/2025 to FY 2025/2026 31
Table 11: Pending Bills Summary Report Annual FY 2025-2026 32
Table 12:Actual Revenue Performance 2025/2026 34
Table 13: Resource envelope in the medium term 38
Table 14: Approved Ceilings with departmental salaries 2027/2028 (Kshs.) 40
Table 15: Proposed Ceilings with salaries in County Administration (Kshs.) 40
Table 16:Summary of risk indicators and management actions 56

LIST OF FIGURES

Figure 1: Laikipia Gross County Product (GCP), 2019–2024 (KSh million) 22

ANNEXURES

Annex 1: Variance Analysis (ADP Proposal / CFSP ceilings) with salaries in Adm department for 2027/2028 (Kshs) ... 58
Annex 2: Vote allocations 59
Annex 3: Resolutions by County Assembly on Previous County Fiscal Strategy Paper 2026 61
Annex 4: Revenue performance 2021/22-2025/26 62
Annex 5: Performance of the Recurrent Budget 62
Annex 6: Performance of the Development Budget 63

EXECUTIVE SUMMARY

The County Fiscal Strategy Paper (CFSP) for FY 2027/2028 provides the fiscal policy direction and resource allocation framework for the preparation of the annual budget in the medium-term. It is aligned with the national fiscal policy direction contained in the 2027 Budget Policy Statement released by the National Treasury on 30th October 2026 and the County's development priorities.

The County projects a total resource envelope of KSh 8,169,079,611 for FY 2027/2028, which will form the basis for expenditure planning and prioritization. In allocating these resources, the County will seek to balance competing demands while ensuring continuity of essential services, fiscal sustainability and value for money.

The key expenditure priorities will include completion of ongoing development projects to ensure that previous investments deliver intended benefits; provision for transition-related institutional, administrative and operational requirements; and equitable distribution of resources guided by the recommendations of the Commission on Revenue Allocation. The County will also prioritize efficient service delivery, enhanced own-source revenue mobilization and prudent management of public expenditure. Development allocation will be kshs 2,451,000,000 representing 30 percent while recurrent allocation will total Kshs 5,718,079,611 representing 70 percent.

Departmental resource allocations will be guided by available resources, statutory obligations, sectoral needs and the principles of equitable resource distribution. Departments will be expected to prioritize existing commitments and demonstrate the expected outputs and outcomes of proposed programmes.

In accordance with Article 201 of the Constitution and the Public Finance Management Act, 2012, the County will undertake stakeholder and public participation forums across the County. These engagements will accord residents and other stakeholders an opportunity to identify priorities and contribute to the budget-making process. Their views will inform the final resource allocation decisions.

CHAPTER ONE
LEGAL AND POLICY FRAMEWORK

1.1 Introduction

Kenya operates a two-tier system of government established under Chapter Eleven of the Constitution of Kenya, 2010. The Fourth Schedule to the Constitution assigns functions to the national and county governments. Effective delivery of the county government's assigned functions requires a close link between planning and budgeting, as provided for under Section 102 of the County Governments Act, 2012.

1.2 Legal Basis for the Preparation of the CFSP 2027

1.2.1 Constitutional Provisions

The preparation of the CFSP 2027 is guided by the Constitution of Kenya 2010 particularly Article 201, which sets out the principles governing public finance. These principles require openness, accountability and public participation in financial matters, as well as the equitable sharing of revenue between the national and county levels of government. Article 220 further provides for the preparation and publication of budget documents by both levels of government, setting out their fiscal policies and priorities.

1.2.2 Public Finance Management Act, 2012

Section 117 of the Public Finance Management Act, 2012, requires the County Treasury to prepare and submit the CFSP to the County Assembly by 28th February of each year and further states that:

- The County Treasury shall align CFSP with the national objectives in the Budget Policy Statement (BPS).
- In preparing the CFSP, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term.
- The County Treasury shall include in its CFSP, the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

- The County Treasury shall seek and consider the views of the Commission on Revenue Allocation (CRA), the public, any interested persons or groups and any other forum that is established by legislation.
- The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned.
- The County Treasury shall publish and publicize the CFSP within seven days after it has been submitted to the County Assembly.

1.2.3 County Governments Act, 2012

The County Governments Act 2012, provides the framework for county-level planning and development. Section 104 requires county governments to prepare integrated development plans to guide development priorities, budgeting and the allocation of resources. Accordingly, the CFSP is expected to remain consistent with the County Integrated Development Plan (CIDP) and the Annual Development Plan (ADP).

1.2.4 National Policy Framework

The CFSP 2027 takes account of the principal national policy and planning frameworks that guide public investment and fiscal management. These include Kenya Vision 2030, the country's long-term development blueprint; the Fourth Medium-Term Plan (MTP IV) for 2023–2027, which provides the medium-term implementation framework for Vision 2030; the Bottom-Up Economic Transformation Agenda (BETA), which prioritizes agriculture, healthcare, micro, small and medium enterprises (MSMEs), housing and the digital economy; and the Budget Policy Statement (BPS) 2026, which sets out national fiscal priorities and county expenditure ceilings.

1.2.5 County Policy Framework

At the county level, the CFSP is informed by the County Integrated Development Plan III (CIDP III) 2023–2027, the Annual Development Plan (ADP) for 2027/2028, relevant sector plans and strategies, including those for health, agriculture and infrastructure and reports arising from public participation. These instruments provide direction for aligning county priorities, resource allocation and service delivery, while promoting inclusivity and

accountability.

1.3 Fiscal Responsibility Principles

The Constitution of Kenya 2010, the Public Finance Management Act, 2012, and the Public Finance Management (County Governments) Regulations 2015, establish the fiscal responsibility principles that guide prudent, transparent and sustainable management of public resources. In particular, Section 107(2) of the Public Finance Management Act, 2012, requires the County Treasury to observe the following principles in managing the County Government's public finances:

i. The County government's recurrent expenditure shall not exceed the county government's total revenue.
ii. Over the medium term a minimum of 30 percent of the County government's budget shall be allocated to the development expenditure.
iii. The County government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the County government's total revenue as provided by PFM Act 2015 regulations.
iv. Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
v. The County debt shall be maintained at a sustainable level as approved by the County Assembly. In order to adhere to this limit, the County has put in place a comprehensive debt management strategy.
vi. Fiscal risks shall be managed prudently.
vii. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future.

1.4 Strategic Objectives of County Government Departments and Entities

1.4.1 County Coordination, Administration, ICT and Public Service

The department's strategic focus is to coordinate emergency response, disaster management and enforcement; strengthen avenues for public input in decision-making and governance; and support decentralized units to deliver services efficiently and effectively. It also seeks to

improve staff performance and job satisfaction, uphold the principles of public service, expand digital connectivity and electronic service delivery, safeguard the security and integrity of digital information systems and provide legal support.

1.4.2 Finance, Economic Planning and County Development

The department seeks to promote prudent financial management and compliance with the applicable legal and regulatory frameworks, including the Public Finance Management Act 2012, the Public Procurement and Asset Disposal Act 2015 and the Public Procurement and Asset Disposal Regulations 2020.

Its responsibilities include strengthening integrated development planning; coordinating the preparation of key budget documents, including the County Budget Review and Outlook Paper (CBROP), Debt Management Strategy Paper (DMSP), CFSP and Programme-Based Budgets; and ensuring that budget formulation is participatory. The department also coordinates budget implementation, monitoring, evaluation and reporting, strengthens procurement processes and procedures and oversees implementation of the County risk management policy and internal controls.

1.4.3 Laikipia County Development Authority (LCDA)

The authority aims to create a conducive environment for investment, strengthen collaboration with development partners and develop strategic financing programmes, including Public-Private Partnerships (PPPs).

1.4.4 Laikipia County Revenue Board

The board's objective is to strengthen revenue mobilization through efficient and effective revenue administration.

1.4.5 Medical Services and Public Health

This departments' mandate is mapped under Curative and Rehabilitative; Preventive and Promotive health services. Key priorities include strengthening primary healthcare through the expansion and upgrading of health facilities across the county; enhancing the capacity of the health workforce and expanding public health infrastructure. It will also scale up health promotion, disease prevention and community health programmes, while making use of technology and partnerships to improve service delivery. These objectives are implemented

through the Level 4, 5 Institutions and health centers across the county.

1.4.6 Agriculture, Livestock and Fisheries

The department aims to provide effective agricultural support and advisory services, raise agricultural productivity for food supply, income generation, improve the availability of grain storage facilities and quality farm inputs. Its priorities also include developing irrigation infrastructure, improving water availability for agricultural production, increasing livestock productivity through disease surveillance and strengthening incomes from livestock-based enterprises. It also facilitates sustainable management and development of fishery resources and products for accelerated socio-economic development.

1.4.7 Infrastructure, Lands, Public Works and Urban Development

The department's strategic priorities include strengthening land-use planning and information management, management of county housing and promotion of affordable housing, approved land-use plans, maintenance of the GIS laboratory and survey equipment. The department will also undertake development control, enforcement and inspection; formulate renewable energy policies and strategies; maintain and repair streetlights and floodlights; support the effective operation of municipalities; and undertake construction and periodic maintenance of roads, bridges and drainage infrastructure.

1.4.8 Rumuruti Municipality

The municipality's priorities are to upgrade essential urban infrastructure, including roads, water supply, sewerage systems and public facilities; promote environmental management and sustainability through improved waste management and the development of green spaces and enhance public safety through investment in law enforcement and emergency services.

1.4.9 Nanyuki Municipality

The Municipality seeks to advance citizen-centered, technology-enabled and smart-city solutions for urban planning, traffic management and public services. It will also strengthen preparedness for and response to natural disasters and other emergencies through resilient disaster-management plans, while upgrading essential urban infrastructure.

1.4.10 Nyahururu Municipality

The Municipality will promote community participation in decision-making, adopt smart urban-planning approaches, upgrade urban infrastructure and strengthen resource mobilization to support improved service delivery.

1.4.11 Education, Youth, Sports and Social Services

The department aims to expand access, retention, completion and transition in early childhood development education (ECDE) and vocational training centres with the aim of increasing the number of trainees graduating with practical and marketable skills. Other priorities include improving library services; widening access to bursaries and scholarships for underprivileged students; promoting sporting activities; expanding access to social protection interventions; improving social amenities and supporting empowerment initiatives for persons with disabilities (PWDs), youth and women.

1.4.12 Trade, Tourism and Co-operatives Development

The department will strengthen co-operative enterprises and promote financial inclusion through an improved co-operative revolving fund. This will support industrialization by encouraging innovation and creating a conducive business environment, promote tourism as a driver of county economic growth and mobilize investment resources, particularly for micro, small and medium enterprises (MSMEs). It will also improve the trading environment through the development of market infrastructure, including completion of the county aggregated industrial park (CAIP).

1.4.13 Water, Environment, Natural Resources and Climate Change

The department's priorities are to develop water infrastructure for domestic and productive use, improve sanitation, rehabilitate degraded rangelands, protect and conserve natural resources. It will also seek to minimize human-wildlife conflict, design and implement programmes that address climate change.

CHAPTER TWO
RECENT ECONOMIC DEVELOPMENT AND MEDIUM-TERM OUTLOOK

2.1 Introduction

This chapter outlines the recent global, national and county economic developments that provide the context for the preparation of the CFSP 2027. It reviews the economic environment, considers its implications for Laikipia county and highlights the sectoral drivers and risks relevant to the county's fiscal and development priorities for FY 2027/2028 and the medium term.

2.2 Recent Global and Regional Economic Developments

The global economy is projected to grow by 3.1 per cent in 2026, before improving to 3.4 per cent in 2027, according to the International Monetary Fund's (IMF) October 2026 World Economic Outlook. Global headline inflation is projected to rise to 4.7 per cent in 2026 and ease to 4.1 per cent in 2027. The outlook remains uneven, with energy-importing economies particularly exposed to higher commodity prices and disruptions arising from geopolitical tensions.

Global economic activity continues to be influenced by trade-policy uncertainty, conflict-related supply disruptions, elevated public debt and financial vulnerabilities. At the same time, investment in technology and artificial intelligence is supporting activity in some economies. These factors may affect Kenya and Laikipia county through changes in fuel and fertilizer prices, imported construction materials, transport costs, export demand, remittances and the cost of financing.

Sub-Saharan Africa's growth is projected at 4.5 per cent in 2026 and 2027. However, performance across countries remains uneven, reflecting differences in exposure to commodity-price shocks, debt pressures, climate risks and external financing conditions. For Laikipia County, the global and regional environment underscores the need for prudent fiscal planning, realistic cost assumptions, climate-resilient investment and careful prioritization of development programs.

Table 1: Global Economic Performance

Economy	Growth (%)			
	Actual		Estimate Projections	
	2024	2025	2026	2027
World Advanced Economies of which: USA, Euro Area, Japan and United Kingdom	3.5	3.5	3.1	3.4
	1.9	2.0	2.1	1.8
	2.8	2.3	2.3	2.3
	1.0	1.2	1.1	1.2
	(0.2)	1.1	0.6	0.7
	1.1	1.2	1.3	1.2
Emerging and developing Economies of which: China, India	4.5	4.5	3.7	4.4
	5.0	5.0	4.5	4.0
	7.1	7.8	7.0	7.0
Sub-Sahara Africa of which: Nigeria, South Africa	4.2	4.5	4.5	4.5
	0.5	1.1	1.0	1.3
	4.1	4.0	4.2	4.3

2.3 Domestic Macroeconomic Environment

Kenya's economy grew by 4.6 per cent in 2025, compared with 4.7 per cent in 2024, according to the KNBS Economic Survey 2026. Growth was supported by positive performance across sectors, including agriculture, construction, mining & quarrying, accommodation & food services, public administration, financial services, information and communication. In the second quarter of 2026, real GDP grew by 5.1 per cent year-on-year, indicating improved economic momentum compared with the corresponding quarter of 2025.

The latest national performance is nevertheless subject to cost and supply-side pressures. Annual consumer price inflation reached 7.3 per cent in October 2026, driven mainly by increases in food and non-alcoholic beverages, transport & housing, water, electricity, gas and other fuels. Higher prices can raise the cost of delivering county services and implementing infrastructure projects, while reducing household purchasing power and placing pressure on local businesses. The exchange rate, fuel prices and interest rates remain important variables to monitor because they influence the cost of imported goods, construction inputs and credit.

The national economic environment presents opportunities for Laikipia through growth in agriculture, trade, tourism, construction and services. Laikipia county's ability to translate economic activity into improved service delivery will be influenced through enhancing own-source revenue, managing expenditure within available resources, improving development absorption and prioritizing programmes with clear outputs and outcomes.

Table 2: Kenya Sectoral GDP Performance

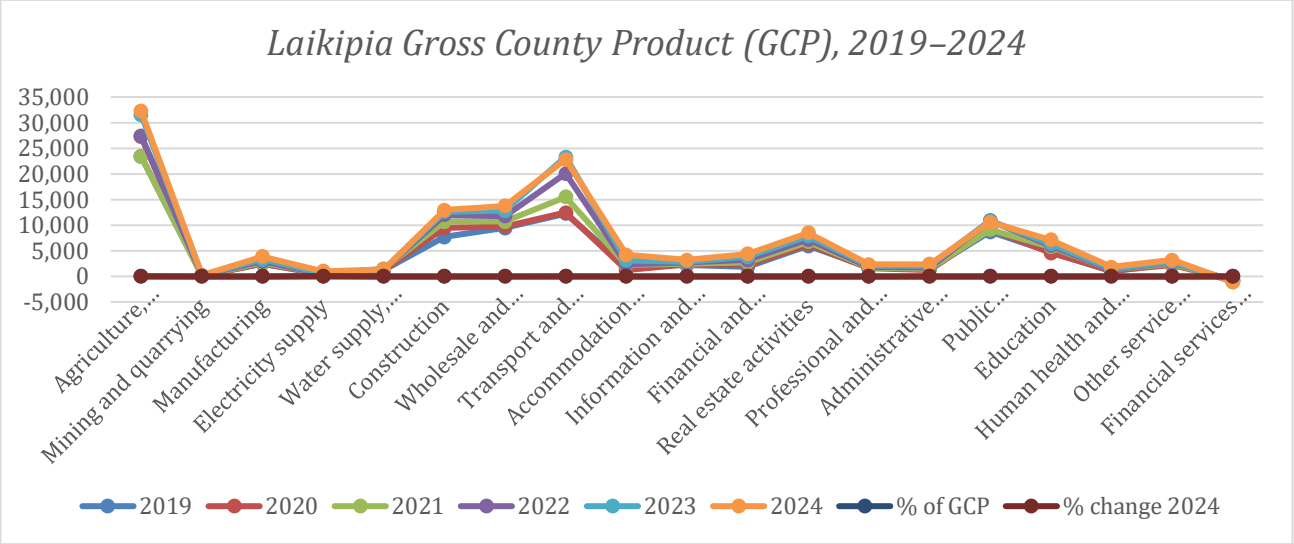
Sector and Sub-Sectors	Annual Growth	Quarterly Growth Rates			
	2025	2025 Q1	2025 Q2	2026 Q1	2026 Q2
Primary Sectors	3.7	5.7	4.4	4.1	3.6
Agriculture, Forestry and Fishing	3.1	5.3	4.0	3.8	3.5
Mining and Quarrying	14.9	12.7	13.7	9.1	5.8
Secondary Sector (Industry)	4.1	3.6	4.1	5.1	4.3
Manufacturing	2.0	2.8	1.3	4.4	2.2
Electricity and Water Supply	5.2	4.1	6.5	4.3	7.7
Construction	6.8	4.5	7.3	6.6	6.0
Tertiary Sector (Services)	5.0	4.8	5.3	5.0	5.4
Wholesale and Retail Trade	3.6	4.3	2.6	4.1	4.7
Accommodation and Restaurant	15.6	8.0	12.8	14.7	7.4
Transport and Storage	3.7	3.6	3.3	3.6	4.4
Information and Communication	4.8	5.5	5.9	5.0	7.2
Financial and Insurance	6.5	5.3	7.1	6.3	6.1
Public Administration	8.3	9.5	8.7	5.7	7.0
Others	3.8	3.7	4.7	4.6	4.8
Professional, Admin and Support Services	5.0	4.1	7.0	2.4	3.7
Real Estate	3.9	4.6	4.3	5.0	5.5
Education	2.8	1.8	3.8	6.2	5.2
Health	5.5	4.7	7.0	4.3	4.5
Taxes less Subsidies	3.1	4.1	3.8	4.3	5.3
Real GDP	**4.6**	**4.9**	**4.9**	**5.1**	**5.1**

The government continues to plan for funding development over several years, guided by Kenya Vision 2030, its Fourth Medium-Term Plan and the Bottom-Up Economic Transformation Agenda (BETA). The main priorities are agricultural transformation, support for small businesses, affordable housing and better settlements, healthcare and the digital and creative economy. These are backed by investment in infrastructure, manufacturing, education, climate and environmental protection, youth and women's empowerment, social protection and governance. For FY 2027/28, the government has signaled that it intends to continue these priorities while improving revenue collection, spending public money more efficiently, protecting essential programs and keeping debt sustainable; the detailed allocations are still being prepared.

2.4 County Socio-Economic Performance

According to the 2025 Gross County Product report by KNBS, Laikipia Gross County Product (GCP) increased from KSh 128.1 billion in 2023 to KSh 134.9 billion in 2024, representing growth of approximately 6.8 per cent. The county accounted for about 0.9 per cent of national GDP in 2024. GCP provides an indication of the scale and structure of economic activity within the county and informs the identification of sectors with potential to support local incomes, employment and revenue generation.

Figure 1: Laikipia Gross County Product (GCP), 2019–2024 (KSh million).



In 2024, the largest economic activities by share of county GCP were agriculture, forestry and fishing (23.91 per cent), transport and storage (16.92 per cent), wholesale and retail trade (10.19 per cent), construction (9.57 per cent), public administration and defense (7.85 per cent), real estate (6.30 per cent) and education (5.51 per cent). Accommodation and food service activities, manufacturing, financial & insurance activities and other services also contributed to county output.

The county's economic structure highlights the importance of strengthening agricultural productivity and value addition, improving transport and market infrastructure, supporting tourism and enterprise development and sustaining investment in health, education, water and other public services. The table below presents the county's GCP by economic activity at current prices, as published in the 2025 GCP report and reproduced in the previous CFSP chapter.

Table 3: Laikipia Gross County Product by Economic Activity at Current Prices, 2019 – 2024 in (Ksh. Millions)

Economic activity	2019	2020	2021	2022	2023	2024	% of GCP	% change
Agriculture, forestry and fishing	23,456	27,236	23,401	27,440	31,591	32,270	23.91	2.15
Mining and quarrying	123	134	162	209	182	209	0.15	14.84
Manufacturing	2,500	2,520	2,694	2,946	3,315	3,863	2.86	16.53
Electricity supply	396	435	425	514	572	987	0.73	72.55
Water supply, waste collection	1,197	1,243	1,454	1,364	1,352	1,386	1.00	2.51
Construction	7,726	9,435	10,680	11,995	12,626	12,915	9.57	2.29
Wholesale and retail trade; repair of motor vehicles	9,454	9,736	10,689	11,738	12,804	13,753	10.19	7.41
Transport and storage	12,287	12,439	15,515	20,061	23,295	22,837	16.92	-1.97
Accommodation and food service activities	1,965	1,283	2,201	2,402	3,142	4,191	3.11	33.38
Information and communication	2,180	2,365	2,470	2,703	2,886	3,210	2.38	11.22
Financial and insurance activities	1,848	2,279	2,754	3,210	3,814	4,400	3.26	15.36
Real estate activities	5,919	6,267	6,736	7,221	7,891	8,497	6.30	7.68
Professional and technical services	1,749	1,586	1,782	1,874	2,049	2,310	1.71	12.73
Administrative support services	1,494	1,273	1,451	1,794	2,123	2,366	1.75	11.45
Public administration and defence	8,709	9,199	9,142	10,872	10,803	10,594	7.85	-1.93
Education	4,775	4,552	5,770	5,980	6,356	7,165	5.51	12.73
Human health and social work activities	946	1,168	1,364	1,348	1,476	1,833	1.28	24.19
Other service activities	2,457	2,205	2,472	2,703	2,917	3,179	2.36	8.98
Financial services indirectly measured	-747	-716	-802	-851	-1,062	-1,057	-0.78	0.47
GCP	**88,434**	**94,639**	**100,360**	**115,523**	**128,132**	**134,909**	**100.00**	**5.29**

2.5 Agriculture, Forestry and Fishing

Agriculture, forestry and fishing remained the largest contributor to Laikipia's GCP in 2024, accounting for 23.91 per cent, with sector output reported at KSh 32.27 billion. The GCP value increased by approximately 2.15 per cent compared with 2023. Agriculture remains central to household livelihoods, food security, livestock production, agro-processing and local market activity. The sector is also exposed to rainfall variability, drought, pasture and water availability, input costs and changing market conditions. Priorities for the medium term include climate-smart agriculture, irrigation and water harvesting, extension services, livestock health, market access and value addition.

2.6 Trade, Tourism and Co-operatives

Wholesale and retail trade contributed 10.19 per cent of county GCP in 2024 and grew by 7.41 per cent compared with 2023. Accommodation and food service activities accounted for 3.11 per cent recording notable growth of 33.38% in 2024, supporting the importance of tourism, hospitality and related local

services. Trade and tourism support employment, MSMEs and own-source revenue through business permits, market fees and other lawful charges. Continued support for enterprise formalization, tourism product development, co-operative governance, market infrastructure and business compliance can strengthen local economic activity.

2.7 Manufacturing, Innovation and Enterprise Development

Manufacturing accounted for 2.86 per cent of Laikipia GCP in 2024 and grew by 16.53 per cent compared with 2023. The sector provides opportunities for agro-processing, local value addition, small-scale manufacturing and employment creation. The county can further promote enterprise development by supporting MSMEs with business advisory services, skills development, access to markets and finance, improved market facilities and enabling infrastructure. The development of value chains and local processing can help retain a larger share of agricultural value within the county.

2.8 Financial Services

Financial and insurance activities contributed 3.26 per cent of county GCP in 2024 and grew by 15.36 per cent compared with 2023. Access to banking, SACCOs, microfinance and digital financial services can support household investment, business expansion and agricultural activity. Strengthening financial inclusion and supporting responsible access to finance for MSMEs, co-operatives, farmers and youth-owned enterprises can complement county programmes for enterprise development and employment.

2.9 Construction, Transport and Storage

Construction contributed 9.57 per cent of Laikipia GCP in 2024 and expanded by 2.29 per cent compared with 2023. Transport and storage accounted for 16.92 per cent of county GCP, although its reported value declined by 1.97 per cent in 2024. These sectors are important for connectivity, movement of agricultural produce, access to markets, tourism and delivery of public infrastructure.

The medium-term county investment agenda should continue to emphasize road maintenance and connectivity, project completion, transport safety and infrastructure that supports economic activity and access to services.

2.10 Electricity, Water and Sanitation

Electricity supply accounted for 0.73 per cent of county GCP in 2024 and recorded strong growth of

72.5 per cent. Water supply and waste collection accounted for 1.00 per cent. Electricity access, reliable water supply, sanitation and waste management are essential for household welfare, enterprise productivity, public health and the operation of schools, health facilities and other public services.

Continued investment in water infrastructure, sanitation, renewable energy where viable, maintenance and climate-resilient systems will help address service gaps and support county development priorities.

2.11 Health Care Services

Human health and social work activities contributed 1.28 per cent of county GCP in 2024 and recorded growth of 24.19 per cent compared with 2023. Health services also support labour productivity, household welfare and resilience. For the medium term, the county's health priorities include improving access to quality primary and preventive health services, strengthening facility readiness and referral systems, ensuring availability of essential supplies, supporting community health services and improving efficiency in the use of health resources.

2.12 Education and Training Services

Education contributed 5.51 per cent of Laikipia GCP in 2024 and recorded growth of 12.73 per cent compared with 2023. Education and skills development are important for human capital, employability, productivity and long-term economic development. The county's medium-term priorities include improving access to quality ECDE, strengthening vocational and technical training, aligning skills development with local economic opportunities, improving learning environments and supporting effective staffing and resource utilization. These interventions can contribute to youth skills, enterprise development and improved employment outcomes.

CHAPTER THREE
FISCAL FRAMEWORK AND STRUCTURAL MEASURES FOR 2027/2028 AND THE MEDIUM-TERM

3.1 Overview of the Fiscal Framework

This chapter presents the county government's fiscal framework and policy direction for FY 2027/2028 and the medium-term. It outlines the fiscal objectives, revenue mobilization strategies, expenditure management measures, structural reforms and interventions aimed at strengthening public financial management and ensuring fiscal sustainability.

Building on the national and county economic performance and outlook, this chapter focuses on the fiscal implications and policy responses necessary to ensure that available public resources are mobilized and utilized efficiently.

The fiscal framework seeks to strengthen revenue performance, contain expenditure pressures, reduce the accumulation of pending bills, improve budget implementation and enhance accountability in the management of public resources.

In view of the anticipated administrative and political transition, particular emphasis will be placed on maintaining continuity in essential service delivery, addressing outstanding financial obligations, and strengthening institutional systems. These measures are intended to promote prudent fiscal management and provide a stable institutional and financial foundation for the incoming administration.

The framework is guided by the Constitution of Kenya 2010, the Public Finance Management Act 2012, the County Governments Act, applicable fiscal responsibility principles, national fiscal policy guidelines and the county's approved development plans.

3.2 Review of Fiscal Performance and Emerging Fiscal Pressures

3.2.1 Revenue Performance

In the FY 2024/2025 and 2025/2026 revenue performed as provided in the table below

Table 4: County Revenue Performance for FY2024/2025 -2025/2026

Total Revenue and Grants	Financial Year 2024/25 Actual (Kshs)	Financial Year 2025/2026		Deviation (Kshs)	Achievement %	Total Revenue %	Growth %
		Targets (Kshs)	Actuals (Kshs)	(Actual – Target)			
	A	B	C	D=C-B			
Equitable Share	5,387,035,309	6,104,082,008	6,104,082,008	0	100	70.6	13.31
Own Source Revenue	1,239,504,563	1,351,000,000	1,367,883,741	16,883,741	101.2	15.8	10.36
Conditional Grants	189,677,749	1,852,060,274	1,116,154,071	-735,906,203	60.3	12.9	488.45
CRF & other Balance	145,840,622	422,561,949	12,932,388	-409,629,561	3.1	0.1	-91.13
Emergency Fund Bal.	0	39,182,843	39,182,843	0	100	0.5	
Other income	0	0	470,766	470,766	-100	0.01	
Opening balance Equitable Share	428,659,722	0	0	0	-100	0	-100
Insurance recovery	5,848,920	0	0	0	-100	0	-100
Total Revenues	**7,396,566,885**	**9,768,887,074**	**8,640,705,817**	**-1,128,181,257**	**88.5**	**100.0**	**16.82**

In FY 2026/2027 the County Government expects to receive total revenue amounting to Kshs. 10,382,328,163 comprising equitable share allocation of Kshs. 6,298,325,916, own source revenue projections at Kshs 1,500,000,000, opening balances of Kshs 1,128,494,449 and conditional grants of Kshs. 1,455,507,798.

Total revenue received by the end of 1st quarter was Kshs 1,962,592,628 which represents 18.9 per cent budget performance. Equitable share, Local revenue, AIA, VTI, grants opening balances, Receivable grants 2026/2027 and other opening balances was 22.5, 9.24, 11.19, 6.18, 100, 11.95 and 0 per cent respectively. Table 5 gives details of revenue performance for the 1st quarter year 2026/2027

Table 5: Revenue Realization as at 30th September 2026

Type of Revenue	Budget 2026/2027 (Kshs)	Actual CRF receipts Q1	Variance	Per cent Performance
Equitable share 26/27	**6,298,325,916**	**1,417,123,331**	**4,881,202,585**	**22.50**
Local revenue	769,250,000	71,113,113	698,136,887	9.24
Appropriation In Aid (AIA)	700,750,000	78,443,971	622,306,029	11.19
Vocational Training Institutes (VTI)	30,000,000	1,853,000	28,147,000	6.18
Own source revenue	**1,500,000,000**	**151,410,084**	**1,348,589,916**	**10.09**
Total Sharable Revenue	**7,798,325,916**	**1,568,533,415**	**6,229,792,501**	**20.11**
Expected Grants 26/27	1,205,507,798	144,059,213	1,061,448,585	11.95
Opening balances (Others)	1,128,494,448	-	1,128,494,448	-
Opening balances (Grants)	250,000,000	250,000,000	-	100
Other revenue Totals	**2,584,002,246**	**394,059,213**	**2,189,943,033**	**15.25**
TOTAL	**10,382,328,162**	**1,962,592,628**	**8,419,735,534**	**18.90**

Table 6: Grants Received as at 30th September 2026

Department/ Entity	Annual Grants 2025/2026	Annual Estimates 2026/2027	Total Receipts	Unrealized Revenue
Finance	Court Fines	1,957,621		1,957,621
	Sub-Total	**1,957,621**		**1,957,621**
Administration	KDSP- KDSP II programme	37,500,000		37,500,000
	Headquarter- KDSP II programme	352,500,000	99,633,565	252,866,435
	Transition of UHC salaries to PnP	137,027,403		137,027,403
	Sub-Total	**527,027,7403**	**99,633,565**	**427,393,838**
Agriculture	Food System Resilience (KFSRP)	280,390,789	1,378,231	279,012,558
	Sub-Total	**280,390,789**	**1,378,231**	**279,012,558**
Health	Building resilient and responsive health systems (BREHS)	50,114,928		50,114,928
	Community Health Promoters	25,230,000		25,230,000
	Sub-Total	**75,344,928**	**0**	**75,344,928**
Infrastructure	Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	7,787,057		7,787,057
	Laikipia County Kenya Urban Institutions Grant	26,000,000	26,000,000	0
	Sub-Total	**33,787,057**	**26,000,000**	**7,787,057**
Trade	County Aggregation and Industrial Park Programme(CAIPS)	250,000,000		250,000,000
	Sub-Total	**250,000,000**	**0**	**250,000,000**
Water	Kenya Water shed services improvement project (Kewasip)	150,000,000		150,000,000
	Flocca	137,000,000	17,047,416	119,952,584
	Sub-Total	**287,000,000**	**17,047,416**	**269,952,584**
Grand Total		**1,455,507,798**	**144,059,212**	**1,311,448,586**

The following factors affected revenue performance in the period ending 30th September 2026.

- Timely release and disbursement of Equitable share by the national treasury.
- Delayed release of Conditional grants by the National Treasury and development partners.

- The decline in OSR performance was largely attributed to reduced receipts from the county health sector as compared with quarter one in FY 2026/2027. This was mainly due to low utilization of medical services within the county health facilities.

In an effort to improve revenue performance;

Equitable Share and grants- The county government will strengthen cash-flow planning and maintain regular engagement with the national treasury to support timely release of equitable share and conditional grants, while coordinating with development partners to address delays and agree on predictable disbursement schedules.

Own Source Revenue - The county revenue board will continue to implement policies and reforms that will enhance own source revenues while sustaining achieved growth levels. Some of these interventions will include;

Broadening and diversifying the county's revenue base by optimizing existing streams and exploring new revenue opportunities by undertaking comprehensive mapping of all revenue sources, identifying and categorizing all revenue sources.

Upgrading and expanding electronic revenue collection systems to improve efficiency, accountability, reduce leakages and enhance revenue forecasting.

Promoting voluntary compliance through taxpayer education, recognition initiatives, stakeholder engagement forums, open days and offer waivers.

Conditional Grants - The county will prioritize timely follow-up and adequate allocations for counterpart funds.

3.2.2 Expenditure Performance

During FY 2025/2026, the county recorded revenue receipts of KSh 8,640,705,817 against an approved budget of KSh 9,768,887,074, representing a performance rate of 88.5 per cent. Own Source Revenue collections amounted to KSh 1,367,883,741, compared to a target of KSh 1,351,000,000.

On the expenditure side, total expenditure amounted to KSh 7,495,313,043, comprising recurrent expenditure of KSh 4,761,902,426 and development expenditure of KSh 2,733,410,617. The overall budget absorption rate stood at 86.74 per cent.

The expenditure comparison for FY 2024/2025 to FY 2025/2026 is given in the table below.

Table 7: Comparative expenditure analysis

Expenditure category	FY 2024/2025 (KSh)	FY 2025/2026 (KSh)	Growth in %
Recurrent	4,842,678,523	4,761,902,426	-1.67%
Development	2,070,763,852	2,733,410,617	+32.00%
Total	**6,913,442,375**	**7,495,313,043**	**+8.42%**

The overall county expenditure performance based on the approved budget and funds released to the county departments by 30th September 2026 was Kshs. 1,348,989,242 (13 per cent). Implementation of executive recurrent expenditures stood at Kshs. 998,450,545 (19.6 per cent) while development expenditure recorded Ksh. 187,728,965 (4 per cent). The county assembly spent Ksh. 162,809,732 (26.6 per cent) performance in recurrent expenditure.

Table 8: Recurrent vote exchequer performance 1st Quarter FY 2026-2027

Department	Approved Budget	Total Exchequers Q1	Variance (Budget-Cumulative)	% Budget Implementation
County administration	4,215,527,403	959,903,278	3,255,624,125	22.77
Finance and planning	225,676,249	16,121,727	209,554,522	7.14
Health and sanitation	312,514,425	8,576,866	303,937,559	2.74
Agriculture	32,250,000	0	32,250,000	0
Infrastructure	102,614,313	0	102,614,313	0
Education, Youth and sports	130,500,000	7,348,674	123,151,326	5.63
Gender, Culture and Social Services	12,500,000	0	12,500,000	0
Trade and enterprise development	17,810,000	0	17,810,000	0
Water and sanitation	12,000,000	0	12,000,000	0
Rumuruti municipality	8,000,000	4,000,000	4,000,000	50.00
Nanyuki municipality	13,500,000	2,500,000	11,000,000	18.52
Nyahururu municipality	5,000,000	0	5,000,000	0
Total Executive	**5,087,892,390**	**998,450,545**	**4,089,441,845**	**19.62**
County assembly	610,630,878	162,809,732	447,821,146	26.66
Grand Total	**5,698,523,268**	**1,161,260,277**	**4,537,262,991**	**20.38**

Table 9: Development vote exchequer performance 1st Quarter FY 2026-2027

Department	Approved Budget	Total Exchequers Q1	Variance (Budget-Cumulative)	% Budget Implementation
County administration	373,522,668	99,633,566	273,889,102	26.67
Finance and planning	765,536,900	41,669,751	723,867,149	5.44
Health and sanitation	1,256,490,923	0	1,256,490,923	0
Agriculture	388,181,155	1,378,232	386,802,923	0.36
Infrastructure	946,688,350	26,000,000	920,688,350	2.75

Education, Youth and sports	158,534,493	0	158,534,493	0
Gender, Culture and Social Services	9,413,860	0	9,413,860	0
Trade and enterprise development	369,436,546	0	369,436,546	0
Water and sanitation	401,000,000	17,047,416	383,952,584	4.25
Rumuruti municipality	4,000,000	2,000,000	2,000,000	50.00
Nanyuki municipality	5,000,000	0	5,000,000	0
Nyahururu municipality	6,000,000	0	6,000,000	0
Total Executive	**4,683,804,895**	**187,728,965**	**4,496,075,930**	**4.01**
County assembly	0	0	0	-
Grand Total	**4,683,804,895**	**187,728,965**	**4,496,075,930**	**4.01**

Delay in the approval of the county budget by the office of the controller of budget (OCoB) affected expenditure performance in the period ending 30th September 2026.

The county government will rationalize spending to improve efficiency and minimize waste. It will prioritize provision of essential services, centralize procurement and bulk purchasing, strengthen internal audits to ensure spending achieves its intended results and work with development partners to increase investment in capital projects.

The county's fiscal performance provides an important basis for determining the policy interventions required to strengthen revenue mobilization, expenditure management and budget implementation over the medium term.

3.2.3 Personnel costs

The wage bill has a significant impact on county fiscal space as it represents a substantial portion of the county's revenue. In the FY 2024/2025, the wage bill amounted to Kshs. 3,574,637,742, accounting for 48 per cent of the total revenue. In the FY 2025/2026, the wage bill amounted to Kshs 3,578,371,610 accounting for 41.4 percent of the total revenue. This represents 0.10 per cent indicating an improvement in the wage-bill-to-revenue ratio, suggesting that revenue growth outpaced the increase in personnel expenditure.

Table 10: Comparative wage bill expenditure analysis for FY 2024/2025 to FY 2025/2026

Indicator	FY 2024/2025	FY 2025/2026	Change
Actual revenue			
Total wage bill (KShs.)	3,574,637,742	3,578,371,610	+3,733,868
Wage bill as % of total revenue	48.0%	41.4%	-6.6 percentage points
Annual wage bill growth		0.10%	+0.10%
Fiscal implication	Higher revenue commitment to wages	Lower revenue commitment to wages	Improved fiscal space

The high-wage bill is as a result of the implementation of the salary review by SRC and increment to NSSF contribution and worker's collective bargaining agreements. To address this, priority actions include hiring limited to critical frontline services, digitizing services to improve productivity and reduce reliance on manual processes and enforcing establishment controls to ensure payroll aligns with approved structures. Simultaneously, the county will continue to expand its own-source revenue through automation of revenue collection systems, widening the tax base by formalizing informal sector activities, reviewing user fees and valuation rolls to reflect market realities, strengthening enforcement and compliance, and leveraging public–private partnerships to unlock new revenue streams. To enhance compliance the county will improve public services and encourage continuous engagements with the tax payers.

3.2.4 Pending bills

These represent outstanding payments to suppliers, contractors and service providers that remain unpaid at the close of the financial year. Pending bills represent obligations that must be settled from future revenues. They are both recurrent and development in nature and continue to pose a significant fiscal risk to the county government by constraining cash flow, reducing fiscal flexibility and delaying implementation of development programmes. They also expose the county to legal claims, interest charges and reputational risks.

The county pending bills for the FY 2025/2026 are as shown in the table below.

Table 11: Pending Bills Summary Report Annual FY 2025-2026

Description	Balance B/F For FY 2024/2025	Additions During the Period Ended June,2026	Paid during the Period Ended June,2026	Adjustment during the Period Ended June,2026	Balance C/F during the Period Ended June,2026
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of buildings	92,521,595	19,230,000	28,243,825	-21,321,330	62,186,441
Construction of civil works	287,915,189	66,426,501	136,635,760	-1,446,816	216,259,114
Supply of goods	188,491,796	38,364,663	39,285,901	-4,043,535	183,527,023
Supply of services	194,412,894	26,344,187	79,860,363	-10,527,593	130,369,125
Salary	188,084,043	294,079,039	188,084,043	-	294,079,039
Total	**951,425,517**	**444,444,390**	**472,109,891**	**-37,339,273**	**886,420,743**

To enhance management of the pending bill the following will be put into place;

a) Transition to accrual accounting will ensure the county has a better record of trade

payables and will help plan and prioritize payments based on verified outstanding obligations.

b) Implementation of the Electronic Government Procurement (e-GP) System: The county will fully implement the Electronic Government Procurement (e-GP) system to prevent the build-up of pending bills.

c) Enhancing County Own Source Revenue: The accumulation of pending bills has partly resulted from the underperformance in own source revenue.

d) Broadening and diversifying the county's revenue base by optimizing existing streams and exploring new revenue opportunities by undertaking comprehensive mapping of all revenue sources, identifying and categorizing all revenue sources.

e) Promoting voluntary compliance through taxpayer education, recognition initiatives, stakeholder engagement forums, open days and offer waivers.

3.2.5 Cash flow management

During the FY 2025/2026, receipts from the equitable share and own source revenue reached 100 percent of the annual target, reflecting relatively steady disbursement from the national government and enhanced own source revenue collection. Appropriation in Aid (AIA) exceeded its target, recording 136.7% performance, with collections of KSh 855.99 million against a target of KSh 626 million. However, Local Revenue achieved 70.2% performance, collecting KSh 493.89 million against a target of KSh 704 million, while Vocational Training Fees recorded 85.8% performance. Conditional Grants recorded the lowest performance at 60.1%, with receipts of KSh 911.93 million against a target of KSh 1.517 billion. The shortfall of local revenue and conditional grants constrained the county's cash flow and adversely affected the timely implementation of earmarked programmes. Additionally, own-source revenue (OSR) collection fluctuated unpredictably from month to month based on several seasonal and systemic factors of major revenue streams like business permits, land rates and vehicle parking fees etc which creates severe cash flow constraints. This underscores the need for improved predictability and alignment of conditional funding releases within the fiscal year. Short-term financing facilities, such as overdrafts or cashflow advances are occasionally accessed to manage liquidity gaps.

Table 12:Actual Revenue Performance 2025/2026

Revenue Source	Target 2025/2026	Actual 2025/2026	% Performance
Equitable share	6,104,082,008	6,104,082,008	100.0
Local revenue	704,000,000	493,886,320	70.2
Appropriation In Aid	626,000,000	855,988,886	136.7
Vocational training Fees	21,000,000	18,008,535	85.8
Conditional Grants	1,852,060,274	1,116,154,071	60.3
Opening Balances	461,744,792	52,585,997	11.4
Total	**9,768,887,074**	**8,640,705,817**	**88.5**

3.2.6 Recurrent and Development project implementation

During the FY 2025/2026, the implementation of recurrent and development projects in the county faced various challenges. The transition to the Electronic Government Procurement (e-GP) system from the previous procurement arrangements to a centralized electronic procurement platform created operational and administrative challenges that affected the ability of county governments to initiate and execute planned procurement activities on time.

Cash flow constraints and inadequate budgetary allocations often lead to the accumulation of pending bills which interfere with the smooth implementation of projects often leading to stalled, delayed or incomplete projects.

These challenges collectively contribute to prolonged project implementation periods, undermine effective service delivery and hinder the achievement of county development objectives. To mitigate this, the county will;

a) Enhance procurement processes and contract management through full operationalization of the Electronic Government Procurement (e-GP) system, adequate user training, technical assistance and reliable system infrastructure.

b) Allocate adequate funds, strengthen project monitoring, supervision and evaluation.

c) Develop cash flow plans that are aligned to own source revenue inflows, while working closely with the national treasury and development partners to honour fund disbursement schedule.

3.3 Fiscal Policy Objectives and Strategic Direction

The county government's fiscal policy for FY 2027/2028 and the medium-term will be guided by the need to maintain sustainable public finances while safeguarding essential service delivery and maximizing the impact of public expenditure.

The key fiscal policy objectives will include:

i. Enhancing own source revenue through improved administration, automation, compliance and exploitation of existing revenue potential.

ii. Strengthening expenditure discipline and ensuring that resources are directed towards priority programmes and essential service delivery functions.

iii. Reducing the accumulation of pending bills through improved commitment controls, cash flow management and timely settlement of verified obligations.

iv. Prioritizing the completion of ongoing development projects before initiating new projects, subject to affordability, project readiness and available resources.

v. Maintaining compliance with the fiscal responsibility principles and other applicable public finance requirements.

vi. Improving efficiency, transparency and accountability in public expenditure management.

vii. Strengthening institutional capacity, financial reporting and continuity of government operations during the transition period.

viii. Enhancing the linkage between planning, budgeting, procurement, implementation and performance monitoring.

ix. Promoting equitable and sustainable development through objective, evidence-based resource utilization.

These policy objectives will guide the preparation and implementation of the annual budget and the medium-term expenditure framework.

3.4 Fiscal Responsibility Principles and Compliance

In FY 2026/2027 the county planned compliance with the fiscal responsibility principles is analyzed below.

- The county government's recurrent expenditure shall not exceed the county government's total revenue. The county's recurrent expenditure allocation stood at Kshs. 5,698,523,268, while the total revenue amounted to Kshs. 10,382,328,163 ((inclusive of grants), therefore the recurrent expenditure accounted for 55% of the total revenue.
- Over the medium term a minimum of 30 percent of the county government's budget shall be allocated to the development expenditure. The County allocated Kshs. 4,683,804,895 to development, out of a total budget of Kshs. 10,382,328,163 which represents 45%.
- The county government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the county government's total revenue as provided by PFM Act 2015 regulations. The county has allocated 35% of its budget, which amounted to Kshs. 3,645,000,000 towards personnel emoluments.
- Over the medium term, the county government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure. The County did not take on any debt, reflecting its prudent approach to managing fiscal resources and maintaining financial discipline. However, the county has been engaging financial institutions to finance cash flow gaps due to delayed disbursements of equitable share.
- The county debt shall be maintained at a sustainable level as approved by the county assembly. In order to adhere to this limit, the County has put in place a comprehensive debt management strategy which is designed to ensure that any borrowing is carefully managed and remains within the prescribed limits, thereby protecting the county's financial stability and promoting fiscal responsibility.
- Fiscal risks shall be managed prudently. While revenues have been growing, some of the streams still fell short of projected targets and therefore the county has taken measures to enhance revenue collection and administration.
- A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future. To ensure transparency and public participation, the Laikipia county revenue board has actively engaged the public and county assembly in the preparation of the finance bill and the

revenue administration bill. These consultations ensure that taxpayers are well-informed and involved in the discussions surrounding any proposed tax change.

The county government will continue to uphold the fiscal responsibility principles under Section 107 of the Public Finance Management Act, 2012 and other applicable public finance legislation in FY 2027/2028 and the medium term.

CHAPTER FOUR
RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

4.1 Introduction

This chapter presents an overview of the county's resource envelope; principles applied in the allocation of resources and the proposed departmental ceilings for FY 2027/2028. It outlines the fundamental fiscal framework, ensuring consistency with national priorities and policy objectives as articulated in the Budget Policy Statement (BPS) 2027.

4.2 Resource Envelope

The county's resource envelope consists of the equitable share of revenue allocated from the national government pursuant to Article 202 of the Constitution, own-source revenue generated by the county; conditional and unconditional grants from the national government and development partners. These resources form the basis for the County's fiscal framework and provide the means through which the county government finances its projects in line with approved development priorities and policy objectives.

The county projects a total shareable resource envelope of Kshs. 8,169,079,611 for the FY 2027/2028. Conditional and un-conditional grants will be determined upon the enactment of the additional allocation of revenue bill. These resources constitute the fiscal base for financing county programmes and projects in accordance with the Public Finance Management Act, 2012, the County Integrated Development Plan and the national priorities outlined in the Budget Policy Statement.

Table 13: Resource envelope in the medium term

Revenue Source	Actual	Projections			
	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
Equitable Share	6,104,082,008	6,298,325,916	6,619,079,611	6,732,530,651	7,414,024,972
Own Source Revenue	1,367,883,741	1,500,000,000	1,550,000,000	1,585,000,000	1,648,400,000
Totals	**7,471,965,749**	**7,798,325,916**	**8,169,079,611**	**8,317,530,651**	**9,062,424,972**

4.3 Stakeholder engagement and feedback

The county treasury will submit the draft CFSP to the Commission on Revenue Allocation and further organize other consultative forums. These engagements are intended to capture public views on these critical documents.

4.4 Sector Priorities and Ceilings

In line with the MTEF budgeting framework, this section presents expenditure ceilings aligned to sector priorities highlighted in chapter one section 1.4. The proposed sector ceilings are informed by the following frameworks; The CIDP 2023–2027 and ADP 2026/2027.

The following principles have informed the allocation of resources:

i. Non-discretionary expenditures: Ensuring funding of essential and unavoidable costs.
ii. Debt management: Aligning spending with revenue, avoiding unsustainable debt and providing for partial settlement of outstanding bills.
iii. Departmental strategic objectives: Allocating resources in line with departmental goals and programme outcomes.
iv. Legal and statutory compliance: Adhering to laws and statutory requirements governing county expenditures.
v. Equity and social welfare: Promoting fair and equitable distribution of resources and services across all wards and stakeholder groups.
vi. Value for money and sustainability: Supporting cost-effective programmes and ensuring long-term viability of development initiatives.
vii. Feedback from public participation engagements
viii. Personnel Emoluments consolidated under the County administration department.

The proposed ceilings are presented in the table below;

Table 14: Approved Ceilings with departmental salaries FY 2027/2028 (Kshs.)

Department	Operations and maintenance	Compensation to employees	Total Recurrent	Development	Total	% Allocation
County Administration and Office of the Governor	392,000,000	447,908,639	839,908,639	23,000,000	862,908,639	10.56
Finance and Economic Planning	189,500,000	252,674,841	442,174,841	429,000,000	871,174,841	10.66
Health and Sanitation	293,701,987	2,159,189,414	2,452,891,401	984,647,872	3,437,539,273	42.08
Agriculture Livestock and Fisheries	18,500,000	199,841,414	218,341,414	105,000,000	323,341,414	3.96
Infrastructure and Public Works	48,500,000	105,737,267	154,237,267	606,000,000	760,237,267	9.31
Education, Gender, Culture and Social Services	128,300,000	496,846,685	625,146,685	97,352,128	722,498,813	8.84
Trade and Enterprise development	14,000,000	56,576,051	70,576,051	63,000,000	133,576,051	1.64
Water and environment	13,500,000	155,555,680	169,055,680	116,000,000	285,055,680	3.49
Nanyuki Municipality	5,000,000	47,159,408	52,159,408	10,000,000	62,159,408	0.76
Rumuruti Municipality	4,000,000	16,903,066	20,903,066	8,000,000	28,903,066	0.35
Nyahururu Municipality	4,000,000	21,607,535	25,607,535	9,000,000	34,607,535	0.42
Executive Total	**1,111,001,987**	**3,960,000,000**	**5,071,001,987**	**2,451,000,000**	**7,522,001,987**	**92.08**
County Assembly	647,077,624		647,077,624		647,077,624	7.92
Grand Total	**1,758,079,611**	**3,960,000,000**	**5,718,079,611**	**2,451,000,000**	**8,169,079,611**	**100.00**

Table 15: Proposed Ceilings with salaries in County Administration FY 2027/2028 (Kshs.)

Department	Recurrent	Development	Total
County Administration and Office of the Governor	4,352,000,000	23,000,000	4,375,000,000
Finance and Economic Planning	189,500,000	429,000,000	618,500,000
Health and Sanitation	293,701,987	984,647,872	1,278,349,859
Agriculture Livestock and Fisheries	18,500,000	105,000,000	123,500,000
Infrastructure and Public Works	48,500,000	606,000,000	654,500,000
Education, Gender, Culture and Social Services	128,300,000	97,352,128	225,652,128
Trade, Tourism and Cooperatives	14,000,000	63,000,000	77,000,000
Water, Environment and Natural resources	13,500,000	116,000,000	129,500,000
Nanyuki Municipality	5,000,000	10,000,000	15,000,000
Rumuruti Municipality	4,000,000	8,000,000	12,000,000
Nyahururu Municipality	4,000,000	9,000,000	13,000,000
Total Executive	**5,071,001,987**	**2,451,000,000**	**7,522,001,987**
County Assembly	647,077,624	0	647,077,624
Grand Total	**5,718,079,611**	**2,451,000,000**	**8,169,079,611**

Table 16: Projected Annual Conditional Grants FY 2027/2028 (Kshs.) as Per County Governments Additional Allocations Bill, 2027

Department	Grant	Amount
County Administration and Office of the Governor	Court fines	125,557
Health and Sanitation	Community Health Promoters (CHPs)	25,230,000
	Building Resilient and Responsive Health System (BREHS)	51,078,677
	Kenya Health System Resilience (HRH)	31,650,972
	Kenya Health System Resilience (USG)	29,479,143
Agriculture Livestock and Fisheries	Food System Resilience Project (FSRP)	330,148,819
Infrastructure and Public Works	0.5% of Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	10,400,004
	Allocations for 20% Share of Mineral Royalties	437,830
Water and environment	Kenya Watershed Services Improvement Project(KEWASIP)	200,000,000
TOTAL		**678,551,002**

4.4.1 County Administration, Public Service and Office of the Governor

For the sector to achieve its mandate, a total of Kshs. 4,375,000,000 has been allocated for the fiscal year 2027/2028. This amount represents 10.6 percent of the overall county budget. The allocation for recurrent and development is Kshs 4,352,000,000 and Kshs 23,000,000 respectively. The bulk of the allocation to the County Administration Department will go towards personnel emoluments, medical insurance and workplace injury benefits, citizen annual engagement forums, executive support services, County Public Service Board operations, disaster risk reduction management and fire services. Provision for personnel emoluments and medical insurance will enhance employee motivation, productivity and efficiency in service delivery. Allocation towards citizen annual engagement forums will promote inclusive and responsive governance by ensuring that development priorities and resource allocation are informed by the needs of local communities. Executive support services and the operations of the County Public Service Board will strengthen policy coordination, human resource management and institutional efficiency, contributing to improved implementation of county programmes and projects. Further, investment in disaster risk reduction management and fire services will enhance the county's capacity to prevent, prepare for and respond to disasters, fires and other emergencies, thereby protecting lives, livelihoods, businesses and productive assets from economic losses.

4.4.2 Finance, Economic Planning and County Development

For the sector to achieve its mandate, a total of Kshs. 618,500,000 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 189,500,000 and Kshs 429,000,000 respectively. The bulk of the allocation to the Finance Department will go towards, settlement of pending bills and other budgetary reserves, the Emergency Fund, lease rentals for dumping and garbage trucks and other lease contracts, revenue operations and maintenance, revenue fleet and logistics, accountable documents services, public participation, revenue management infrastructure systems, and research and feasibility studies. These allocations are aimed at strengthening public financial management, enhancing efficiency in revenue administration and improving the county's capacity to mobilize resources for development. Settlement of pending bills will facilitate the injection of liquidity into the local economy by enabling suppliers, contractors and service providers to meet their financial obligations, sustain business operations and reinvest in productive activities. The Emergency Fund will enhance the county's capacity to respond to unforeseen events and emergencies, thereby safeguarding livelihoods, productive assets and critical economic infrastructure against disruptions. Resources allocated to lease rentals for garbage trucks and other equipment will strengthen waste management and environmental sanitation, improve public health and create a conducive environment for trade, tourism, investment and other economic activities. Further, investment in revenue operations, fleet and logistics will enhance revenue collection efficiency, strengthen enforcement and monitoring, minimize revenue leakages and improve the county's own-source revenue performance, thereby expanding the fiscal space available for financing priority development programmes. Provision for accountable documents services and public participation will strengthen financial accountability, transparency and inclusive governance, while ensuring that resource allocation is responsive to the needs and economic priorities of local communities.

4.4.3 Health and Sanitation

For the sector to achieve its mandate, a total of Kshs. 1,278,349,859 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 293,701,987 and Kshs 984,647,872 respectively. Bulk of the allocation to the Health and Sanitation Department will be directed towards strengthening the delivery of preventive, promotive and curative healthcare services across the County. The resources will support the provision of medical supplies and essential

medicines, operation and maintenance of health facilities, medical equipment, laboratory services, community health services, referral services and improvement of sanitation and public health infrastructure. These investments are expected to reduce preventable illnesses and improve household health outcomes. Improved health and sanitation services will support economic activities and contribute to inclusive economic growth and improved living standards in Laikipia County.

4.4.4 Agriculture, Livestock and Fisheries

For the sector to achieve its mandate, a total of Kshs. 123,500,000 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 18,500,000 and Kshs 105,000,000 respectively. The bulk of the allocation to the Agriculture Department will go towards the promotion of drought-escaping crops, the Seedling Support Initiative, water harvesting and irrigation technologies, livestock resource development and management, livestock marketing and value addition, procurement of Foot and Mouth Disease (FMD) vaccines and the Slaughterhouse Development Initiative. These interventions are geared towards enhancing agricultural productivity, strengthening climate resilience, improving food security and increasing household incomes, in line with the County's development priorities. Promotion of drought-escaping crops and the Seedling Support Initiative will support farmers to adopt climate-resilient and high-value crop varieties, improve farm productivity and diversify agricultural production, thereby strengthening household food security and generating marketable surpluses. Investment in water harvesting and irrigation technologies will enhance water availability for agricultural production, reduce overreliance on rain-fed farming and promote year-round production, particularly among smallholder farmers. Similarly, livestock resource development and management, coupled with the procurement of FMD vaccines, will improve animal health, reduce livestock losses, enhance productivity and strengthen the competitiveness of livestock products in local and external markets. Investment in livestock marketing and value addition will improve market access, strengthen producer linkages and enhance returns to farmers through better aggregation, processing and marketing of livestock products. The Slaughterhouse Development Initiative will strengthen livestock market infrastructure, improve meat handling and hygiene standards, facilitate compliance with food safety requirements and create opportunities for employment and investment along the livestock value chain.

4.4.5 Infrastructure and Public Works

For the sector to achieve its mandate, a total of Kshs. 654,500,000 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 48,500,000 and Kshs 606,000,000 respectively. The bulk of the allocation to the Infrastructure Department will go towards road network improvement, operationalization of leased equipment through operations, logistics, gravelling and minor road maintenance, provision of fuel for road works, major mechanical maintenance of equipment and the Street Lighting Initiative, including settlement of electricity bills and minor repairs. These interventions are aimed at improving the county's road infrastructure, enhancing connectivity, reducing the cost of transportation and facilitating access to markets, social services and economic opportunities. Investment in road network improvement, gravelling and routine maintenance will enhance all-weather road accessibility, particularly in rural and agricultural production areas, enabling farmers to transport produce to markets efficiently, reduce post-harvest losses and improve access to agricultural inputs and services. Investment in the Street Lighting Initiative, through settlement of electricity bills and minor repairs, will improve security and extend business operating hours within urban centres and trading areas enhancing commercial activities and improving the general urban environment. Collectively, these investments are expected to strengthen the county's economic infrastructure, improve market access, create employment opportunities and reduce the cost of doing business thereby contributing to sustainable and inclusive economic growth in Laikipia County.

4.4.6 Education, Youth, Sports, Gender and social services

For the sector to achieve its mandate, a total of Kshs. 225,652,128 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 128,300,000 and Kshs 97,352,128 respectively. The bulk of the allocation to the Education, Youth, Sports and Library Services Department will support human capital development, inclusive social services and local economic empowerment. Investment in ECDE infrastructure will expand access to foundational learning and create local opportunities through construction, maintenance and the supply of learning materials. Bursaries will help learners from vulnerable households continue their education, while vocational education and training will equip young people with practical skills for employment and self-employment. Improved libraries will widen access to learning resources, digital skills and information that support education, innovation and enterprise. The Children Institutions Support Programme

(CEDC) and social services infrastructure will strengthen protection and support for vulnerable children and communities, enabling more residents to participate in education and economic life. Cultural events promotion will create opportunities for artists, performers, vendors and tourism-related businesses, while sports promotion will support talent development, events, coaching and related enterprises. Together, these investments will strengthen the county's skills base, widen access to economic opportunity and stimulate demand for local goods and services, contributing to inclusive growth, job creation, poverty reduction and improved access to quality social services.

4.4.7 Trade, Tourism, Co-operatives and Enterprise Development

For the sector to achieve its mandate, a total of Kshs. 77,000,000 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 14,000,000 and Kshs 63,000,000 respectively. The bulk of the allocation to the Trade, Tourism, Co-operatives and Enterprise Development sector will support co-operative development and promotion, research and development, the Co-operative Revolving Fund, trade promotion, the Metrology Laboratory for weights and measures, market infrastructure, tourism promotion and marketing, and trade development. These interventions are expected to strengthen the county's productive and commercial base by helping co-operatives and enterprises access finance, improve products and services, reach markets and build consumer confidence. Investment in market infrastructure can make it easier for producers and traders to sell their goods, while tourism promotion can increase demand for local accommodation, food, transport and cultural products. Collectively, the programmes are intended to expand market access, support enterprise growth, create employment, increase household incomes and stimulate local economic activity, in line with the sector's CFSP objectives for economic growth, job creation and enterprise development.

4.4.8 Water, Environment, Natural Resources

For the sector to achieve its mandate, a total of Kshs. 129,500,000 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 13,500,000 and Kshs 116,000,000 respectively. The bulk of the allocation to the Water Department will go towards rural water supply and sanitation services, rehabilitation of non-operational boreholes, drilling, construction, equipping and solarization of boreholes, as well as provision of fuel for refuse trucks to support solid waste management. These interventions are aimed at improving access to reliable and affordable water,

enhancing sanitation services and promoting environmental sustainability as key enablers of socio-economic development. Improved access to water will support livestock production, small-scale irrigation, agribusiness and other water-dependent enterprises, thereby strengthen household incomes and stimulate local economic activities. Allocation towards solid waste management fuel for refuse trucks will enhance waste collection and disposal services, improve environmental sanitation and public health. These interventions are expected to strengthen community resilience, support agricultural and livestock productivity, improve living standards and create an enabling environment for enterprise development.

4.4.9 Rumuruti Municipality

For the sector to achieve its mandate, a total of Kshs. 12,000,000 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 4,000,000 and Kshs 8,000,000 respectively. The allocation will improve roads, housing, urban services and waste management in Rumuruti, in line with Laikipia's CFSP priorities.

4.4.10 Nanyuki Municipality

For the sector to achieve its mandate, a total of Kshs. 15,000,000 has been allocated for the fiscal year 2027/2028. The allocation for recurrent and development is Kshs 5,000,000 and Kshs10,000,000 respectively. The allocation will improve roads, housing, urban services and waste management in Nanyuki, in line with Laikipia's CFSP priorities.

4.4.11 Nyahururu Municipality

For the sector to achieve its mandate, a total of Kshs. 13,000,000 has been allocated for the fiscal year 2027/2028. This amount represents 0.4 percent of the overall county budget. The allocation for recurrent and development is Kshs 4,000,000 and Kshs 9,000,000 respectively. The allocation will improve roads, housing, urban services and waste management in Nyahururu, in line with Laikipia's CFSP priorities. These investments will improve conditions for businesses and investment.

5.4.12 Legislative Services

In 2027/2028, the County Assembly expects to receive a total of Kshs.647,077,624 representing 7.9 percent of the total budget all for recurrent expenditure.

4.5 Opportunities to be harnessed

4.5.1 Enhanced Resource Mobilization and Revenue Administration

The county will leverage opportunities to expand its resource envelope through enhanced own-source revenue collection, automation of revenue administration, sealing of revenue leakages, enforcement of compliance and identification of viable revenue streams. Further opportunities will be pursued through national government transfers, conditional grants, development partnerships and other lawful financing arrangements to enhance fiscal space and support priority service delivery programmes.

4.5.2 Climate Resilience and Sustainable Natural Resource Management

Favorable weather conditions present opportunities for increased agricultural productivity, livestock development, water resource management and environmental conservation. The county will harness these opportunities through climate-smart agriculture, irrigation, water harvesting, catchment protection and sustainable natural resource utilization. Emphasis will also be placed on strengthening resilience to climate-related shocks, including droughts and floods, to safeguard livelihoods and protect public investments.

4.5.3 Citizen Participation, Civic Education and Public Accountability

The constitutional framework on public participation provides an opportunity to deepen citizen involvement in planning, budgeting, implementation and monitoring of development programmes. The county will strengthen stakeholder engagement, civic education and public accountability mechanisms to promote transparency, inclusivity and ownership of development priorities.

4.5.4 Human Resource Capacity Development and Institutional Continuity

The county will leverage its existing human resource capacity through improved staff productivity, skills development, performance management and staff welfare. Opportunities in succession planning, knowledge management and institutional capacity building will be pursued to preserve organizational knowledge and ensure continuity of public services during the political transition. Particular attention will be given to strengthening technical capacity in public financial management, digital transformation, procurement, project management and service delivery.

4.5.5 Political Transition, Institutional Stability and Consolidation of Development Gains

The anticipated political transition presents an opportunity to strengthen institutional systems, safeguard public assets and ensure continuity of government operations. The county will prioritize proper documentation and handover of ongoing programmes, contractual obligations, pending bills, financial commitments and institutional records. The transition will also provide an opportunity to review the status of existing development programmes, assess their sustainability and align future interventions with approved development plans and available resources, thereby enabling the incoming administration to build on established institutional and development foundations.

4.5.6 Efficient Public Expenditure Management and Fiscal Sustainability

The need to operate within available resources presents an opportunity to strengthen expenditure prioritization, eliminate non-essential spending and improve value for money. The county will enhance commitment controls, procurement planning, cash-flow management and expenditure monitoring while ensuring timely settlement of verified obligations. Resources will be directed towards essential services, maintenance of existing infrastructure and high-impact programmes in accordance with the fiscal responsibility principles.

4.5.7 Digital Transformation and Innovation

Increasing adoption of digital technologies provides opportunities to improve operational efficiency, transparency and accountability. The county will leverage existing government systems and emerging technologies to strengthen revenue collection, automate business processes, improve financial reporting, enhance data management and strengthen monitoring and evaluation of development programmes.

4.5.8 Strategic Partnerships and Intergovernmental Collaboration

The county will pursue opportunities for collaboration with the national government, development partners, private sector, civil society and other stakeholders to mobilize additional resources, technical expertise and innovative financing. Particular attention will be given to conditional grants, intergovernmental programmes, viable public-private partnerships and emerging climate financing mechanisms to complement county resources and accelerate priority development interventions.

4.5.9 Private Sector Development and Local Economic Growth

The county will harness opportunities arising from private sector investment, expansion of micro, small and medium enterprises, agricultural value addition, trade, tourism and other areas of comparative advantage. Improving the business environment through infrastructure development, simplified licensing procedures, investment promotion and market development will stimulate economic activity, generate employment and broaden the county's future revenue base.

CHAPTER FIVE

RISKS AND MITIGATION MEASURES

5.1 Introduction

This chapter identifies the principal risks that could affect the County Government's fiscal outlook, budget credibility and delivery of services during FY 2027/28 and the medium term. It includes global and national risks; changes in macroeconomic assumptions; county revenue and expenditure risks and other risks that may affect achievement of county government objectives.

Section 107(2)(f) of the Public Finance Management Act, 2012, requires the County Treasury to manage fiscal risks prudently as part of the broader principles of fiscal responsibility. Accordingly, the County integrates fiscal risk management into the budget preparation and implementation processes through the identification of potential risks, assessment of their possible fiscal implications, assignment of institutional responsibility, development of appropriate mitigation measures and continuous monitoring of risk indicators throughout the financial year. This strengthens fiscal discipline, enhances budget credibility and safeguard the sustainable delivery of public services.

5.2 Global and National Risks and Their Mitigations

5.2.1 Global economic and financial conditions

Slower global growth, geopolitical tensions, supply-chain disruption and volatility in fuel, food, fertilizer or construction input prices may raise the cost of county operations and development projects. Exchange-rate movements can affect the local price of imported medical supplies, equipment, fuel and materials. Higher global interest rates may also contribute to tighter financing conditions and more expensive credit across the economy, affecting local businesses, household incomes and the tax base.

The County should use current National treasury forecasts and avoid building its baseline budget on unusually low input prices or rapid growth in local activity. Procurement plans should test exposure to price movements, allow lawful price adjustment only where contracts permit it, and prioritize essential goods. Departments should identify critical supplies with limited substitutes and maintain proportionate continuity arrangements. Any proposed financing should be assessed for affordability, currency exposure and consistency with applicable law and approvals.

5.2.2 National economic and fiscal conditions

Changes in national economic growth, inflation, tax policy, intergovernmental fiscal arrangements or the timing and amount of transfers can affect county revenues and cash availability. A national revenue shortfall or delays in disbursement may constrain the County's ability to meet monthly commitments even when the annual budget is balanced. Revisions to macroeconomic assumptions can also change the expected cost of salaries, utilities, medicines, construction and other recurrent inputs.

The County treasury should reconcile its transfer estimates with the latest approved national framework and avoid treating indicative allocations as confirmed cash until the relevant legal and budget processes are complete. It should prepare a cash-flow plan based on realistic disbursement timing, maintain a ranked list of expenditure that can be deferred, and review cash forecasts with departments each month. Essential health, water, sanitation, emergency response and other priority services should be explicitly protected in any adjustment plan.

5.2.3 Changes in macroeconomic assumptions

The baseline forecast is exposed to uncertainty in real growth, inflation, interest rates and exchange rates. A weaker-than-expected economy may reduce business activity and collections from permits, fees, parking, markets and other locally administered charges. Higher inflation may raise operating and project costs, while wage pressure or changes to statutory obligations may increase recurrent expenditure. If assumptions change after ceilings have been set, the original budget may no longer be affordable in real terms.

The County will document the assumptions used for each major revenue and expenditure line and compare them with the latest official forecasts. Sensitivity analysis should show the direction and approximate scale of the effect of plausible adverse changes, especially on own-source revenue, recurrent costs and capital projects. A material variance should trigger a forecast update and management decision, not automatic expansion of expenditure. Proposed adjustments must follow the applicable budget law and approval process.

5.3 County Risks and Their Mitigations

5.3.1 Uncertainty in national funding

Delays, reductions or uncertainty in national government transfers and conditional grants, changes in national fiscal policy, intergovernmental revenue-sharing arrangements, laws and regulations, and shifts in national development priorities.

To mitigate this, the county will prioritize essential services; maintain a contingency reserve; strengthen predictable own-source revenue; align commitments with confirmed funding; monitor national fiscal, legal and policy changes; and engage relevant agencies early to clarify transfer timing and grant conditions.

5.3.2 Own-source revenue performance

Own-source revenue (OSR) may underperform where targets exceed the size of the economic base, collections are seasonal, enforcement is inconsistent, charges are not well understood, exemptions are poorly controlled or collection systems are fragmented. Weak data, cash handling and reconciliation create risks of leakage and unreliable forecasts. Overly ambitious OSR estimates can produce an unfunded budget, delayed payments and accumulation of pending bills.

The County will prepare a revenue estimate from verified collections by stream, compare budget, actual and arrears data and explain material variances. Measures will focus on accurate registers, service-linked billing, convenient digital payment, daily reconciliation, internal audit trails and lawful enforcement. Tariffs and fees will be reviewed through the required legal and public participation processes, with attention to affordability and effects on local economic activity.

5.3.3 Expenditure pressure and budget execution

Payroll, utilities, medicines, transfers to facilities, maintenance and emergency response can exceed approved provision. Weak commitment controls, procurement delays, cost escalation, unrealistic project schedules or supplementary demands may crowd out planned services and development spending. Low execution can also arise when land, designs, approvals or counterpart funding are not ready, leaving resources tied to projects that cannot deliver within the year.

Accounting officers will commit funds only against approved budgets and available cash, maintain current commitment registers and confirm procurement and implementation readiness before projects enter the budget. Departmental cash plans should be linked to work plans, procurement schedules and measurable outputs. The County treasury will review large variances and take corrective actions.

5.3.4 Wage bill and workforce obligations

A high or rapidly growing wage bill can limit funding for operations, maintenance and development. Risks include payroll errors, unsupported positions, unpaid statutory deductions and pension contributions and liabilities from staff claims or collective agreements. Treasury's 2026 Budget Policy Statement reported that county wage expenditure averaged 39.56 per cent of county revenue in FY 2025/26, illustrating the importance of monitoring affordability; the County's own audited and administrative data should be used for its assessment.

The County will reconcile payroll to the authorized establishment, validate personnel records, control recruitment through approved staffing plans and cost all workforce decisions over the medium term. Monthly payroll and statutory deduction reconciliations should identify amounts due, paid and outstanding. Any arrears should have a verified schedule and lawful settlement plan. Human resource, finance and pension functions should jointly report emerging liabilities to the County treasury.

5.3.5 Cash management and pending bills

Unrealistic cash forecasts, delayed transfers, OSR shortfalls and weak commitment controls can lead to late supplier payments and accumulation of pending bills. These bills disrupt service delivery, raise litigation and interest risks where applicable and weaken local businesses that supply the County. County pending bills have been identified as a significant fiscal concern, reinforcing the need for reliable records and settlement planning.

The County will verify each pending bill against delivery evidence, contract terms, procurement records, invoice and acceptance documentation and determine whether it is a valid obligation, disputed claim or incomplete submission. The verified stock should be aged, classified by department and funding source, reconciled to financial statements and disclosed consistently. Settlement will follow a transparent, prioritized plan within approved cash limits, while new commitments are controlled so that arrears do not re-emerge.

5.4 Specific Fiscal Risks and Mitigation Measures

5.4.1 Climate, disaster and public health events

Drought, floods, landslides, fire, disease outbreaks and other emergencies can damage county assets, disrupt livelihoods and increase expenditure on health, water, roads, agriculture and relief. The fiscal effect may be concentrated in particular wards or seasons and may not be reflected in average annual assumptions. Preventive maintenance and preparedness reduce exposure but cannot eliminate it.

Departments will identify climate-sensitive infrastructure and essential services, use county disaster risk information and local experience to inform project design and include maintenance and resilience measures in investment appraisal. The County will define emergency coordination and spending controls in advance, maintain an updated inventory of critical assets and establish a lawful, budgeted contingency approach consistent with applicable PFM requirements. Relief and recovery spending will be documented, targeted and reported.

5.4.2 Public entities, litigation and contingent liabilities

Claims, court cases, guarantees, public-private partnership commitments, leases, contractual disputes and financial difficulties in county entities may create future costs not fully visible in the annual budget. Poorly appraised projects or unclear risk allocation can transfer private-sector risks back to the County. Litigation may also result from land, employment, procurement or service-delivery disputes.

The County Treasury, legal office and relevant entities will maintain a central register of material claims, contracts, guarantees and other contingent exposures, recording the amount claimed or maximum exposure where known, probability, timing, responsible office and mitigation. Major projects and financing arrangements should receive legal, technical and affordability review before approval, with risks allocated transparently and reported. The County will not issue guarantees or enter into financing arrangements outside statutory authority and approval processes.

5.4.3 Other fiscal and governance risks

Fraud, corruption, cyber incidents, system failures, weak records, procurement challenges and failures in internal controls can cause losses, service interruptions and unreliable fiscal information. Digitized

revenue and payment systems can improve control but introduce data security and continuity risks. Disputes over charges or priorities may delay implementation if public participation and communication are inadequate.

These can be mitigated by enforcing segregation of duties, secure access to financial systems, maintaining backups and recovery procedures, reconciling systems to bank and ledger records and follow up audit findings. Public participation should inform priorities and proposed revenue measures and feedback should be recorded and addressed. These steps strengthen trust and reduce the risk that fiscal decisions are challenged or delayed.

5.4.4 Risk response principles

- Avoid risks that the County is not legally authorized or financially able to assume.
- Reduce exposure through realistic forecasts, commitment controls, procurement readiness and preventive maintenance.
- Transfer or share risks only where lawful, affordable and supported by clear contracts and value-for-money assessment.
- Accept residual risk only when it is understood, monitored and supported by a funded response where necessary.

5.5 Risk Monitoring, Reporting and Accountability

5.5.1 Monitoring arrangements

The County Treasury will coordinate a quarterly fiscal risk review with departments, the County Public Service Board where relevant, legal services, procurement, internal audit and county entities. Each material risk should have a named owner, a baseline exposure, an indicator, a reporting frequency, a trigger for escalation and an agreed response. Risks should be ranked by likelihood and potential effect on revenue, expenditure, cash flow, service continuity and legal compliance. The ranking should be refreshed when assumptions, transfers, prices, weather conditions or commitments change materially.

The following indicators will be adopted.

Table 16:Summary of risk indicators and management actions

Risk area	Indicators for review	Management action
Revenue and transfers	Monthly collections versus the targets; variance by stream; collections versus funds transfers	Update forecast; investigate variance; sequence spending to available cash
Commitments and bills	New commitments; verified pending bills by age; supplier payment delays	Restrict unsupported commitments; implement approved settlement plan
Payroll and statutory dues	Wage bill against revenue; payroll exceptions; deductions and pension remittances due/paid	Reconcile payroll; control hiring; clear and escalate overdue remittances
Projects and procurement	Procurement milestones/steps; contract variations; disbursement and physical progress	Tracking procurement process and reporting; review costs and scope under lawful procedures
Climate and contingencies	Weather/disaster alerts; asset damage; emergency spending and service disruptions	Activate preparedness and continuity arrangements; document response
Contingent liabilities	Claims register; exposure and status of litigation, guarantees and contracts	Obtain legal/financial review; disclose material changes; manage exposure

5.5.2 Governance, response and disclosure

Departmental accounting officers will report emerging risks and corrective action to the County Treasury using a common quarterly template. The County treasury will consolidate the information, test whether the approved fiscal framework remains affordable and advise the County Executive on reallocations or other lawful corrective measures. Material risks and changes in outlook should be reflected in budget execution reports and future budget documents. Internal audit will test key controls and verify follow-up, while the County Assembly exercises its oversight role.

In the event of a revenue or transfer shortfall, the first response will be to update the cash forecast, stop or defer non-priority commitments that have not become contractual obligations and protect essential services and statutory payments. Any adjustment to approved budgets will follow the applicable legal process.

5.6 Conclusion

The County will strengthen fiscal resilience by grounding its projections in evidence, controlling commitments, improving revenue administration, tracking payroll and statutory obligations, preparing for climate and service-delivery shocks and disclosing contingent liabilities. Early warning and clear

accountability will allow the County to respond before a variance becomes a service failure or an unsustainable obligation.

ANNEXURES

Annex 1: Variance Analysis (ADP Proposal / CFSP ceilings) with salaries in Adm department for 2027/2028 (Kshs)

Programme	2027 ADP Proposed Amount (KShs.)	2027 CFSP Allocation (Kshs)
Administration, Devolution, County Coordination and Public Service Management		
County Administration	472,500,000	129,500,000
Public Safety, Security, Enforcement and Disaster Management	25,500,000	19,000,000
Public Participation and Civic Education	15,000,000	10,000,000
Human Resource Management and Development	4,106,250,000	4,210,000,000
Information Communication Technology and E-Government	4,000,000	4,500,000
Total	**4,623,250,000**	**4,375,000,000**
Finance, Economic Planning and County Development		
Administration and Personnel Services	778,600,000	513,500,000
Development Planning services	12,000,000	12,000,000
Public Finance Management Services	55,000,000	42,000,000
Revenue Board- Revenue Management Services	58,279,000	45,000,000
Laikipia County Development Authority	14,290,000	6,000,000
Total	**918,169,000**	**618,500,000**
Health Services		
Preventive and Promotive Health Service	196,000,000	45,420,000
Curative, Rehabilitative and Palliative Health Service	1,475,500,000	1,142,647,872
General Administrative and Planning Services	185,000,000	90,281,987
Total	**1,856,500,000**	**1,278,349,859**
Agriculture, Livestock, Mechanization and Cooperatives		
Administration and support services (Crop Production)	19,800,000	12,000,000
Administration and support services ((**Livestock & Fisheries)**	65,000,000	0
Agriculture Sector Extension Management (ASEM) - **(Livestock & Fisheries)**	30,000,000	10,000,000
Crop Development	69,650,000	17,500,000
Irrigation Development and Management	119,000,000	44,500,000
Livestock Resource Development and Management	144,700,000	16,500,000
Veterinary Services Management	117,650,000	16,500,000
Fisheries Development and Management	27,700,000	6,500,000
Total	**593,500,000**	**123,500,000**
Roads, Public Works, Lands, Housing, Energy and Urban Development		
Administration, Personnel, Planning and Support Services	27,000,000	10,000,000
Road network development and maintenance	800,000,000	538,000,000
Public Works Services Delivery Improvement	8,000,000	7,000,000
Physical Planning and Land Survey Services	30,000,000	23,000,000
Housing Improvement Services	20,000,000	6,500,000
Renewable Energy Services	40,000,000	0
Urban Development and Management	50,000,000	50,000,000
Nanyuki Municipality- Urban Infrastructure Improvement	90,000,000	15,000,000
Nyahururu Municipality- Urban Infrastructure Improvement	47,000,000	13,000,000
Rumuruti Municipality- Urban Infrastructure Improvement	54,700,000	12,000,000
Total	**1,166,700,000**	**694,500,000**
Education, Gender, Sports, Youth and Social Services		
General Administration services	8,550,000	8,000,000
Education and Library services	176,000,000	177,000,000
Youths, Sports, Gender, Culture, Social Services	74,400,000	40,652,128
Total	**258,950,000**	**225,652,128**
Trade, Enterprise and Cooperative Development		
Administration, Planning and Support services	30,000,000	5,500,000
Trade development and Promotion	337,000,000	8,000,000
Co-operative Development and Marketing	108,900,000	59,500,000

Tourism promotion and Development	132,000,000	4,000,000
Total	**607,900,000**	**77,000,000**
Water and Sanitation, Environment, Natural Resources, Tourism and Climate Change		
General Administration, Planning and Support Services	41,000,000	11,500,000
Water and Sanitation	370,375,000	15,000,000
Climate Change Adaptation and Mitigation	214,500,000	92,000,000
Environment, Natural Resources and Mining	103,500,000	11,000,000
Totals	**729,375,000**	**129,500,000**
Grand Total	**10,754,344,000**	**8,169,079,611**

Annex 2: Vote allocations

Department	**Programmes/ Sub-programs**	**Proposed CEILINGS 2027/2028**		
		Recurrent	**Development**	**Total**
County Administration, Public Service and Office of The Governor	General Administration	15,000,000	10,000,000	25,000,000
	Public Service Management	3,960,000,000	0	3,960,000,000
	Staff insurance	250,000,000	0	250,000,000
	ICT	2,500,000	2,000,000	4,500,000
	County Secretary	13,000,000	0	13,000,000
	Policy Advisors	3,000,000	0	3,000,000
	Project co-ordination and monitoring	4,000,000	0	4,000,000
	County administration Service	0		0
	Office of the Governor	36,000,000	0	36,000,000
	Office of the deputy	14,000,000		14,000,000
	County Public Service Board Services	15,000,000	0	15,000,000
	Inter-Governmental Donor liaison	4,000,000	0	4,000,000
	Performance Contracting, Quality Standards & Compliance	1,500,000	0	1,500,000
	Human Resource Management and development	3,000,000	1,000,000	4,000,000
	Logistics and Fleet Management	2,000,000	0	2,000,000
	Special Programs, YOUTH, WOMEN AND PWD	0	0	0
	Special Programmes, Enforcement, Public Safety and Disaster Management	9,000,000	10,000,000	19,000,000
	County Attorney and legal services	5,000,000	0	5,000,000
	Kenya Devolution Support Programme (KDSP); -CPF	0	0	0
	Transition Committee	15,000,000	0	15,000,000
	Total	**4,352,000,000**	**23,000,000**	**4,375,000,000**
Finance, Economic Planning and The County Treasury	General Administration	39,000,000	0	39,000,000
	Pending bills	20,000,000	286,000,000	306,000,000
	Emergency fund	18,500,000	30,000,000	48,500,000
	Legal fees	20,000,000	0	20,000,000
	Lease rentals for dumping and garbage trucks and other lease contracts	0	100,000,000	100,000,000
	Accounting & Financial Reporting	7,000,000	0	7,000,000
	Budgeting Supply and Fund Administration	5,500,000	0	5,500,000
	Budget Public participation (CFSP, SUP & Budget)	4,500,000		4,500,000
	Revenue Generation & Resource Mobilization	35,000,000	10,000,000	45,000,000
	Internal Audit & Risk Management	6,000,000	0	6,000,000
	Supply Chain management	7,000,000	0	7,000,000
	Statistics, Economic Planning & County Development	5,000,000	0	5,000,000
	Economic planning(CIDP & ADP Public participation)	3,000,000		3,000,000
	Laikipia Development Authority	4,000,000	2,000,000	6,000,000
	Asset and Fleet Management	3,000,000	1,000,000	4,000,000
	Total	177,500,000	429,000,000	606,500,000
	Car and mortgage	12,000,000	0	12,000,000
	Total	**189,500,000**	**429,000,000**	**618,500,000**
	General Administration	40,281,987	50,000,000	90,281,987

Health and Sanitation	Medical Services	23,000,000	269,647,872	292,647,872
	Public Health & Sanitation	30,420,000	15,000,000	45,420,000
	Appropriation In Aid	0	0	0
	Sub county hospitals	26,000,000	84,500,000	110,500,000
	Nyahururu teaching and referral	84,000,000	273,000,000	357,000,000
	Nanyuki Teaching and referral Laikipia East	90,000,000	292,500,000	382,500,000
	Total	**293,701,987**	**984,647,872**	**1,278,349,859**
Agriculture Livestock and Fisheries	General Administration	7,000,000	5,000,000	12,000,000
	FSRP-COUNTERPART FUNDING	0	10,000,000	10,000,000
	Crop Production and Horticulture	2,500,000	15,000,000	17,500,000
	Irrigation, Drainage & Water Storage	4,500,000	40,000,000	44,500,000
	Veterinary Services	1,500,000	15,000,000	16,500,000
	Livestock Production	1,500,000	15,000,000	16,500,000
	Fisheries Production	1,500,000	5,000,000	6,500,000
	Total	**18,500,000**	**105,000,000**	**123,500,000**
Infrastructure and Public Works	General Administration	10,000,000	0	10,000,000
	Land and Physical Planning	3,000,000	20,000,000	23,000,000
	KUSP-COUNTERPART FUNDING	0	20,000,000	20,000,000
	Housing and Urban Development	1,500,000	5,000,000	6,500,000
	Public Works	2,000,000	5,000,000	7,000,000
	Road network improvement	2,000,000	420,000,000	422,000,000
	Road maintenance through Leased equipment	0	45,000,000	45,000,000
	Operationalization of the leased equipment	0	36,000,000	36,000,000
	Equipment maintenance (major mechanical maintenance)	0	35,000,000	35,000,000
	Power Supply and Energy	30,000,000	20,000,000	50,000,000
	Total	**48,500,000**	**606,000,000**	**654,500,000**
Education and Library Services Gender, Culture and Social Services	General Administration	8,000,000	0	8,000,000
	Early Childhood Development (ECD) and Childcare Facilities	4,000,000	45,000,000	49,000,000
	Bursaries and scholarships	70,000,000	0	70,000,000
	Youth Polytechnics, Vocational Training and Library Resource Centre	20,000,000	30,000,000	50,000,000
	Library services	5,000,000	3,000,000	8,000,000
	Sub Total	107,000,000	78,000,000	185,000,000
	General Administration	2,000,000	5,000,000	7,000,000
	Centre for Empowerment of disadvantage children CEDC	3,000,000	2,000,000	5,000,000
	Culture and Social Services	1,300,000	2,000,000	3,300,000
	Special Programs, YOUTH, WOMEN AND PWD	7,000,000	0	7,000,000
	Sports	8,000,000	10,352,128	18,352,128
	Sub Total	21,300,000	19,352,128	40,652,128
	Total	**128,300,000**	**97,352,128**	**225,652,128**
Trade, Tourism and Enterprise Development	General Administration	5,500,000	0	5,500,000
	Co-operative Development and Promotion	1,500,000	8,000,000	9,500,000
	Extension Services	2,000,000	3,000,000	5,000,000
	Home Craft Industrialization & Enterprise Development	0	45,000,000	45,000,000
	Trade and Investments	3,000,000	5,000,000	8,000,000
	Tourism development and promotion	2,000,000	2,000,000	4,000,000
	Total	**14,000,000**	**63,000,000**	**77,000,000**
Water and Environment	General Administration	2,500,000	0	2,500,000
	Solid Waste Management	3,000,000	6,000,000	9,000,000
	Water services	0	15,000,000	15,000,000
	Environment and Natural Resources-CLIMATE CHANGE	6,000,000	5,000,000	11,000,000
	Locally Led Climate Action Program (FLLOCA)	2,000,000	90,000,000	92,000,000
	Total	**13,500,000**	**116,000,000**	**129,500,000**
	Headquarters	4,000,000	0	4,000,000

Rumuruti Municipality	Urban Infrastructure Improvement	0	8,000,000	8,000,000
	Total	**4,000,000**	**8,000,000**	**12,000,000**
Nyahururu Municipality	Headquarters	4,000,000	0	4,000,000
	Urban Infrastructure Improvement	0	9,000,000	9,000,000
	Total	**4,000,000**	**9,000,000**	**13,000,000**
Nanyuki Municipality	Headquarters	5,000,000	0	5,000,000
	Urban Infrastructure Improvement	0	10,000,000	10,000,000
	Total	**5,000,000**	**10,000,000**	**15,000,000**
Total Executive		5,071,001,987	2,451,000,000	7,522,001,987
County Assembly		647,077,624	0	647,077,624
	Total	**647,077,624**	**0**	**647,077,624**
Grand Total		**5,718,079,611**	**2,451,000,000**	**8,169,079,611**

Annex 3: Resolutions by County Assembly on Previous County Fiscal Strategy Paper 2026

In accordance with Section 117(7) of the Public Finance Management Act, 2012, the County Treasury incorporated the County Assembly's recommendations on the 2026 CFSP into the subsequent budget formulation process. The recommendations informed the review of departmental priorities and expenditure ceilings, with emphasis on key service delivery areas, equitable resource allocation and prudent utilization of public funds. Key adjustments included increased allocations for road infrastructure, ECDE facilities, irrigation and fisheries, maintenance of the proposed Health and Gender sector ceilings and rationalization of allocations in selected departments. These recommendations informed the proposed departmental ceilings for FY 2027/2028, demonstrating the County Treasury's commitment to legislative oversight, fiscal discipline and accountability.

.

Annex 4: Revenue performance 2021/22-2025/26

County Own Source Revenue	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26.
	Kshs	Kshs	Kshs	Kshs	Kshs
Cess	106,113,452	88,941,991	107,337,872	110,252,596	97,215,080
Land Rate	46,390,622	74,410,569	53,136,498	61,488,862	75,114,638
Single/Business Permits	76,072,888	96,016,847	88,139,887	86,598,873	87,383,225
Property Rent	19,314,700	27,253,392	22,550,048	26,374,108	26,499,635
Parking Fees	69,343,987	66,967,727	67,973,831	75,646,010	71,119,441
Market Fees	9,494,210	8,011,696	11,825,589	13,977,614	11,924,645
Advertising	18,565,056	19,406,369	26,126,921	18,965,405	15,772,400
Hospital Fees	398,880,236	467,253,034	560,402,055	695,623,383	855,988,886
Public Health Service Fees	13,083,750	16,968,809	15,756,203	11,598,116	10,847,900
Physical Planning and Development	37,016,840	21,971,406	35,281,479	25,029,624	22,248,567
Education fees	29,755,791	10,385,000	16,616,000	17,895,890	18,008,534
Hire of County Assets	279,000	341,020	307,500	405,518	375,000
Conservancy Administration	17,336,477	22,473,794	29,328,761	18,553,987	14,878,913
Administration Control Fees and Charges	48,392,924	62,905,628	36,847,113	52,857,642	44,314,101
Park Fees	11,396,532	13,185,498	12,866,885	17,729,958	15,872,776
Sale of assets			-	6,093,492	-
Other Fines, Penalties, And Forfeiture Fees	917,990	831,570	646,355	413,484	320,000
Total County Own Source Revenue	**902,354,455**	**997,324,350**	**1,085,142,997**	**1,239,504,562**	**1,367,883,741**

Annex 5: Performance of the Recurrent Budget

Department	A	B	C
	Actual 2024/25 (Kshs)	1st Supplementary Budget 2025/26 (Kshs)	Actual 2025/26 (Kshs)
4511-Administration	3,698,654,708	3,811,886,957	3,548,821,143
4512-Finance	210,333,344	217,771,904	207,558,215
4513-Health	191,139,660	225,790,219	199,221,916
4514-Agriculture	15,627,349	29,500,000	29,188,276
4515-Infrastructure	33,194,127	57,500,676	49,276,355
4516-Education &	98,728,092	110,613,951	110,613,951
4517-Trade	13,025,496	15,910,000	14,771,475
4518-Gender	4,000,000	11,500,000	11,500,000
4519-Water	12,546,640	16,600,165	11,768,673
4521-Nanyuki	2,100,000	3,500,000	3,500,000
4523-Rumuruti	2,000,000	3,000,000	3,000,000
4524-Nyahururu	0	1,000,000	-
Sub Total	**4,281,349,416**	**4,504,573,872**	**4,189,220,003**
County Assembly	561,329,106	574,701,082	572,682,423
Grand Total	**4,842,678,522**	**5,079,274,954**	**4,761,902,426**

Annex 6: Performance of the Development Budget

Department	A	B	C
	Actual 2024/25 (Kshs)	1st Supplementary Budget 2025/26 (Kshs)	Actual 2025/26 (Kshs)
Administration	13,993,576	375,412,341	14,877,457
Finance	577,413,462	496,283,113	389,167,185
Health	754,061,810	1,234,711,396	918,435,331
Agriculture	90,956,238	426,528,951	409,578,883
Infrastructure	321,170,740	892,505,355	496,920,381
Education	35,916,983	98,937,543	52,642,598
Trade	85,083,977	554,544,275	118,686,575
Gender	1,500,000	4,997,219	4,997,219
Water	147,366,055	372,218,772	180,326,160
Nanyuki	5,000,000	194,945,299	113,980,421
Rumuruti	5,000,000	53,028,938	25,343,155
Nyahururu	0	5,000,000	
Sub Total	**2,037,462,841**	**4,709,113,202**	**2,724,955,365**
County Assembly	33,301,010	10,498,918	8,455,252
Grand Total	**2,070,763,851**	**4,719,612,120**	**2,733,410,617**